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RL COMMERCIAL
REIT

RL COMMERCIAL REIT, INC.

(*incorporated in the Republic of the Philippines*)

Offer of 3,342,864,000 Common Shares
with an Overallotment Option of up to 305,103,000 Common Shares

Offer Price: ₱6.45 per Share

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

The Selling Shareholder identified in this REIT Plan is offering 3,342,864,0000 common shares with an overallotment option of up to 305,103,000 common shares. Our Company will not receive any proceeds from the sale by the Selling Shareholder.

Investing in the Offer Shares involves risks. See "Risk Factors" beginning on page 28.

Sponsor

ROBINSONS LAND

Fund Manager

RL FUND MANAGEMENT

Property Manager

RL PROPERTY MANAGEMENT

Joint Global Coordinators, Lead Managers and Joint Bookrunners
(in alphabetical order)

BPI Capital Corporation **UBS AG, Singapore Branch**

Lead International Bookrunner
UBS AG, Singapore Branch

International Bookrunners
(in alphabetical order)

CLSA Limited **Merrill Lynch (Singapore) Pte. Ltd.**

Lead Local Underwriter
BPI Capital Corporation

Local Underwriters
(in alphabetical order)

China Bank Capital Corporation **First Metro Investment Corporation** **PNB Capital and Investment Corporation**

Participating Underwriter
SB Capital Investment Corporation

Selling Agents
Eligible Trading Participants of The Philippine Stock Exchange, Inc.

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

The date of this REIT Plan is August 20, 2021

RL Commercial REIT, Inc.
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Ortigas Center
Pasig City 1605, Philippines

Telephone Number: (+632) 8395 2177
https://www.rlcommercialreit.com.ph

This REIT plan (the "**REIT Plan**") relates to the offer and sale to the public of 3,342,864,000 common shares (the "**Firm Shares**") with an Overallotment Option (as defined below) of up to 305,103,000 common shares (the "**Option Shares**", and together with the Firm Shares, the "**Offer Shares**"), each common share with a par value of ₱1.00 (the "**Shares**"), of RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) ("**we**", "**us**", "**our**", "**RLC REIT**", our "**Company**" or the "**Issuer**"), a corporation organized and existing under Philippine law and operating as a real estate company. The Offer Shares are existing Shares offered by Robinsons Land Corporation ("**RLC**", the "**Selling Shareholder**" and the "**Sponsor**") pursuant to a secondary offer and our Company will not receive any proceeds from the sale by the Selling Shareholder.

Upon compliance with the requirements of Republic Act No. 9856, the Real Estate Investment Trust Act of 2009 (the "**REIT Law**", and together with the relevant implementing rules and regulations as issued by the responsible Government authorities, the "**REIT Regulations**"), our Company shall operate as a real estate investment trust ("**REIT**"). The REIT Law defines a REIT as stock corporation established in accordance with Republic Act No. 11232, the Revised Corporation Code of the Philippines (the "**Corporation Code**") and the rules and regulations promulgated by the Securities and Exchange Commission of the Philippines ("**Philippine SEC**") principally for the purpose of owning income-generating real estate assets. Although under the REIT Law, such entity is called a "trust," the term was adopted for the sole purpose of aligning with global best practices and terminology, and a REIT organized under Philippine laws is subject to the Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable laws and regulations governing trusts.

The Firm Shares will comprise 3,342,864,000 existing Shares offered by the Selling Shareholder pursuant to a secondary offer. The Option Shares will comprise up to 305,103,000 issued Shares owned by the Selling Shareholder to be offered by way of a secondary offer. The offer of the Offer Shares is referred to herein as the "**Offer**." Our Company will not receive any proceeds from the sale by the Selling Shareholder. As of the date of this REIT Plan, our Sponsor owns 100% of our issued and outstanding capital stock. Upon completion of the Offer and assuming full exercise of the Overallotment Option, the Offer Shares representing approximately 36.67% of our issued and outstanding capital stock will be held by the public and 63.33% will be held by our Sponsor. If the Overallotment Option is not fully exercised, the Firm Shares representing approximately 33.60% of our issued and outstanding capital stock will be held by the public and 66.40% will be held by our Sponsor. See "*Dilution.*"

Pursuant to our amended articles of incorporation, as approved by the Board of Directors on April 15, 2021 and approved by the Philippine SEC on August 2, 2021, our Company has an authorized capital stock of ₱39,795,988,732.00 divided into 39,795,988,732 Shares, of which 9,948,997,197 Shares are issued and outstanding. Upon completion of the Offer and because the Offer is an offer of secondary Shares only, our Company's total outstanding capital stock of 9,948,997,197 Shares will remain the same before and after the Offer. The Offer Shares will represent approximately 36.67% of the issued and outstanding capital stock of RLC REIT after completion of the Offer, assuming the full exercise of the Overallotment Option.

Before the approval of the amendments to our articles of incorporation for an increase in authorized capital in the amount of ₱39,695,988,732.00, our Company had an authorized capital stock of ₱100,000,000.00 divided into 100,000,000 Shares, of which 25,000,000 Shares were issued and outstanding.

The Firm Shares shall be offered at a price of ₱6.45 per Share (the "**Offer Price**"). The determination of the Offer Price is described on page 61 of this REIT Plan and will be based on a book-building process and discussion between our Company, UBS AG, Singapore Branch and BPI Capital Corporation as the joint global coordinators, lead managers and joint bookrunners (the "**Joint Global Coordinators**"), UBS AG, Singapore Branch, as the lead international bookrunner (the "**Lead International Bookrunner**"), and Merrill Lynch (Singapore) Pte. Ltd. (**"BofA Securities**") and CLSA Limited ("**CLSA**") as international bookrunners (the "**International Bookrunners**"), BPI Capital Corporation as the lead local underwriter (the "**Lead Local Underwriter**"), China Bank Capital Corporation, First Metro Investment Corporation, and PNB Capital and Investment Corporation as the local underwriters (the "**Local Underwriters**"), and SB Capital Investment Corporation as the participating underwriter (the "**Participating Underwriter**").

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (the "**PSE**") under the trading symbol "RCR."

2,340,004,800 Firm Shares (or 70% of the Firm Shares) (the "**Institutional Offer Shares**"), are (subject to re-allocation as described below) being offered for sale (i) outside the United States by the Lead International Bookrunner and the International Bookrunners in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through the Lead International Bookrunner and the International Bookrunners' U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines by the Lead Local Underwriter and the Local Underwriters (the "**Institutional Offer**").

1,002,859,200 Firm Shares (or approximately 30% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered in the Philippines to all of the REIT eligible trading participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors ("**LSI**") under the Local Small Investors Program (subject to re-allocation as described below) (the "**Trading Participants and Retail Offer**"). The number of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be 668,572,800 Firm Shares and 334,286,400 Firm Shares, respectively, or approximately 20% and 10%, respectively, subject to final allocation as may be determined by the Joint Global Coordinators.

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

Subject to the approval of the Philippine SEC, the Selling Shareholder has appointed UBS AG, Singapore Branch and its relevant affiliates to act as the stabilizing agent (the "**Stabilizing Agent**"). The Stabilizing Agent has an option exercisable in whole or in part from and including the date of listing of the Offer Shares on the PSE (the "**Listing Date**") and, if exercised, ending on a date no later than 30 calendar days from and including the Listing Date, to purchase the Option Shares at the Offer Price from the Selling Shareholder, on the same terms and conditions as the Firm Shares as set forth in this REIT Plan, solely to cover overallotments, if any (the "**Overallotment Option**"). The Overallotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder. The Option Shares will be sold as part of the Institutional Offer. In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may over allot Offer Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake stabilization activities shall not exceed 9.13% of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any stabilization activities (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly after any such stabilizing activities end.

Our Company will not receive any proceeds from the Offer and there will be no change in the total outstanding capital stock after the Offer, as the Offer comprises secondary offers of shares by the Selling Shareholder. The Selling Shareholder's total proceeds to be raised from the sale of the Firm Shares will be approximately ₱21,561.5 million and the estimated net proceeds, after deducting fees and expenses payable by the Selling Shareholder shall be approximately ₱20,895.6 million. Assuming full exercise of the Overallotment Option, the total proceeds to be raised by the Selling Shareholder from the sale of the Offer Shares will be approximately ₱23,529.4 million. The Selling Shareholder will receive net proceeds of approximately ₱22,819.2 million from the sale of the Offer

Shares, assuming full exercise of the Overallotment Option (after deducting fees and expenses payable by the Selling Shareholder, which includes the underwriting fees due to the Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter). For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see "*Use of Proceeds*" and Annex A (*Reinvestment Plan*). For a more detailed discussion on the Selling Shareholder's shareholding see "*Principal and Selling Shareholder*."

The Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter will receive underwriting fees from the Selling Shareholder based on a percentage of the gross proceeds from the sale of the Offer Shares, as discussed in the section entitled "*Plan of Distribution*." The underwriting fees includes the amounts to be paid to other participating underwriters, if any and where applicable, but does not include the commissions and fees to be paid to the Eligible PSE Trading Participants. Eligible PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of 1.0%, inclusive of VAT (the "**TP Selling Fee**"), of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant Eligible PSE Trading Participant. The underwriting fees will not be charged to the Company. Any Firm Shares left unsubscribed after the Offer Period will be underwritten on a firm commitment basis by the Joint Global Coordinators, the Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter. The estimated underwriting fees amount to approximately ₱352.9 million or about 1.50% of the gross proceeds from the Offer Shares, assuming full exercise of the Overallotment Option and will amount to approximately ₱323.4 million or about 1.50% of the gross proceeds from the Firm Shares, assuming the Overallotment Option is not exercised. For further discussion on the fees to be received by the Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter, the distribution of the Firm Shares and the underwriting commitment, see "*Use of Proceeds*" on page 55 and "*Plan of Distribution*" on page 262.

All of the Offer Shares have identical rights and privileges to the issued and outstanding Shares of the Company. For a detailed discussion of the rights and features of the shares of stock of the Company, including the Offer Shares, see "*The Formation and Structure of RLC REIT—Description of the Shares*" on page 193.

Each shareholder will be entitled to such dividends as set forth and subject to the conditions under the REIT Regulations. In particular, the REIT Law requires a REIT to distribute annually a total of at least 90% of its net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested by the REIT within one year from the date of the sale) as dividends to its shareholders. The percentage of dividends with respect to any class of stock to be received by Shareholders to the total dividends distributed by the Company from its distributable income shall not be less than such percentage of their aggregate ownership of the total outstanding shares of the Company. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Board of Directors, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such period, the declaration shall be deemed approved. For further discussion, see "*Dividends and Dividend Policy*" beginning on page 55.

We filed a Registration Statement with the Philippine SEC on May 26, 2021, in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "**SRC**") and the REIT Law for the registration of all the issued and outstanding Shares of the Company and the Offer Shares. On August 3, 2021, the Philippine SEC approved the Registration Statement and issued a Pre-Effective Letter. Upon compliance with the requirements of the Pre-Effective Letter, we expect the Philippine SEC to issue the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale.

The listing of the Offer Shares is subject to the approval of the PSE. On May 25, 2021, we filed our application for the listing and trading of the issued and outstanding Shares of our Company and the Offer Shares. On August 9, 2021, the PSE Board approved the listing application subject to compliance with certain conditions. The PSE's approval of the listing is merely permissive and does not constitute a recommendation or endorsement of the Offer by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this REIT Plan. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of this REIT Plan.

The purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

The Offer Shares may be purchased and owned by any person or entity regardless of citizenship or nationality, subject to minimum public ownership requirements of the REIT Law and to the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. As our Company has interests in land, foreign ownership in our capital stock is limited to a maximum of 40% of our issued and outstanding capital stock. See "*Regulatory and Environmental Matters*" on page 225.

Our Company, together with the Selling Shareholder, reserve the right to withdraw the offer and sale of the Offer Shares at any time, and the Joint Global Coordinators and the Lead International Bookrunner and the International Bookrunners reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall make the necessary disclosures to the Philippine SEC and the PSE.

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

Summary Information on RLC REIT and Portfolio

RLC REIT, a company designated by Robinsons Land Corporation ("**RLC**" or the "**Sponsor**") to operate as a REIT, leases to a diversified tenant base a high-quality portfolio (the "**Portfolio**") of 14 commercial real estate assets (the "**Properties**" and each, a "**Property**") across the Philippines with an aggregate Portfolio GLA of 425,315 sqm as of the date of this REIT Plan. Our Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of our office tenants.

The principal investment mandate of RLC REIT is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major central business districts ("**CBDs**") and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as information technology and business process management ("**IT-BPM**") services, including business process outsourcing ("**BPO**") services, to secure stable occupancy and income from operations. See "*Business and Properties—Investment Policy*."

In preparation for the Offering, on April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred its ownership over 13 properties (the "**Assigned Properties**", and such transaction for the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to the Assigned Properties, the "**Property-for-Share Swap**"). In addition, the Sponsor is leasing: (a) two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "**Cybergate Center Buildings**" and the lease arrangements for such buildings, the "**Cybergate Center Leases**"),[1] and (b) certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "**Land Leases**") to RLC REIT (the Property-for-Share Swap, the Cybergate Center Leases and the Land Leases, together with the ancillary transactions for the implementation of such

[1] *As of the date of this REIT Plan, the Cybergate Center Leases and Land Leases have been executed and commenced upon the Philippine SEC's approval of the Property-for-Share Swap on August 2, 2021.*

transfers and leases, including the AOI Amendments, are collectively referred to as the "**REIT Formation Transactions**"). See "*Business and Properties—History—REIT Formation Transactions*" for further details.

Our initial Portfolio of 14 assets comprises the Assigned Properties and the Cybergate Center Buildings with an aggregate Appraised Value of ₱73,884.0 million (US$1,522.0 million) as of June 30, 2021 located in CBDs across Metro Manila and in the key cities of Naga, Tarlac, Cebu and Davao outside of Metro Manila.

The table below provides details of each Property as indicated. All of the Properties were developed by our Sponsor, RLC.

	Location	Year Completed	Registration / Certification	Office Grade [1]	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million)[2]	Title to Asset[3]	Title to Land[3]
Metro Manila									
Assigned Properties									
Robinsons Equitable Tower...........	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.4%	3,426.0	Freehold over 96 units[5]	Undivided interest in land
Robinsons Summit Center...........	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	11,476.0	Freehold over 31 units[6]	Undivided interest in land
Cyberscape Alpha	Ortigas CBD, Pasig City	2014	PEZA	A	49,902	11.7%	8,545.0	Building owned	Land leased from Sponsor for 99 years[4]
Cyberscape Beta.............	Ortigas CBD, Pasig City	2014	PEZA	A	42,245	9.9%	7,794.0	Building owned	Land leased from Sponsor for 98 years[4]
Tera Tower ..	Bridgetowne Complex IT Park, Quezon City	2015	PEZA, LEED Gold	A / Prime	35,087	8.2%	6,066.0	Building owned	Land leased from Sponsor for 98 years[4]
Cyber Sigma	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	11.7%	5,823.0	Building owned	Land leased from BCDA for 25 years[7]
Exxa-Zeta Tower[8]	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	17.5%	11,867.0	Building owned	Land leased from Sponsor for 99 years[4]
Cybergate Center Building Leases									
Robinsons Cybergate Center 2........	Cybergate Complex IT Park, Mandaluyong City	2007	PEZA	A	43,672	10.3%	6,808.0	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3........	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	10.5%	7,873.0	Building leased from Sponsor	N/A
Outside Metro Manila									
Assigned Properties									
Robinsons Cybergate Cebu............	Cebu City	2011	PEZA	B	6,866	1.6%	672.0	5/F to 7/F owned	Land leased from Sponsor for 98 years[4]
Galleria Cebu	Cebu City	2017	PEZA	A	8,851	2.1%	943.0	3/F to 4/F owned	Land leased from Sponsor for 99 years[4]
Luisita BTS 1	Robinsons Luisita Complex, Tarlac City	2018	PEZA	B	5,786	1.4%	620.0	Building owned	Land leased from Sponsor for 99 years[4]
Cybergate Naga............	Robinsons Place Naga Complex, Naga City	2018	PEZA	B	6,070	1.4%	687.0	3/F to 5/F owned	Land leased from Sponsor for 99 years[4]
Cybergate Delta 1	Robinsons Cyberpark Davao, Davao City	2018	PEZA	A	11,910	2.8%	1,284.0	Building owned	Land leased from Sponsor for 99 years[4]
Total					**425,315**	**100.0%**	**₱73,884.0**		

Notes:
(1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are modern specification buildings with high quality finishes, typically located in prime locations while those classified as "Grade B" are medium quality buildings in prime locations or "Grade A" standard buildings, but in secondary locations.
(2) As of June 30, 2021. See Annex C (Independent Property Valuation Reports) appended to this REIT Plan. The aggregate Appraised Value of our Portfolio includes the appraised value of the Cybergate Center Buildings.
(3) See "Business and Properties—History—REIT Formation Transactions."
(4) As of August 2, 2021, our application for the approval of the Property-for-Share Swap was approved by the Philippine SEC. As such, the relevant lease agreements of our Company and RLC dated July 16, 2021 have become effective. In addition, all applications for the transfer of the relevant Tax Declarations covering the Assigned Properties are still pending with various city and municipal assessor's offices.
(5) RLC REIT owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Pasig City. The other units are owned by the Sponsor (17 units) and third parties which also have an undivided interest in the land where the building is located. There is no difference in the condominium units assigned to RLC REIT and the units still owned by the Sponsor.
(6) RLC REIT owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Summit Center is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Makati City.
(7) The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.
(8) The Exxa-Zeta Tower is a twin tower development and is considered as one Property in this REIT Plan. Under the Comprehensive Deed of Assignment, each tower is listed as a separate property.

Our Properties are all PEZA-accredited and have consistently high occupancy rates, earning stable rental revenues as a result, and our Portfolio has a WALE of 4.3 years (by leased GLA)[2] as of June 30, 2021.

Summary Information on our Sponsor, the Fund Manager and the Property Manager

Our Sponsor, RLC, is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size, and is one of the top 5 developers of existing and upcoming office developments in Metro Manila as of the fourth quarter of 2020 according to JLL. RLC is engaged in the construction and operation of lifestyle commercial centers, offices, hotels and industrial facilities, as well as the development of mixed-use properties and residential housing located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which it develops, owns and operates commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels and industrial facilities); and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages and commercial lots). RLC is listed on the PSE and as of June 30, 2021 had a market capitalization of ₱89,749.4 million (US$1,848.8 million).

Our Fund Manager, RL Fund Management, Inc., is a corporation organized under the laws of the Philippines. The Fund Manager was incorporated on May 28, 2021, and has its registered office at 14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Fund Manager is a wholly owned Subsidiary of the Sponsor. Save as is disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines. The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Fund Manager. Our Fund Manager is compliant with the minimum requirements of REIT Fund Manager under the REIT Act and its IRR.

Our Property Manager, RL Property Management, Inc., is a corporation organized under the laws of the Philippines. The Property Manager was incorporated on April 12, 2021, and has its registered office at 11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Property Manager is a wholly owned Subsidiary of the Sponsor. The Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

[2] *The weighted average lease expiry would be 4.3 years if determined based on the total GLA as of June 30, 2021.*

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 Corp. ("**PDTC**").

RISKS OF INVESTING

Before making an investment decision, prospective investors should carefully consider all the information contained in this REIT Plan, including the risks associated with an investment in the Offer Shares.

These risks include:

- risks relating to our business and our properties;
- risks relating to the Philippines;
- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in this REIT Plan.

For a more detailed discussion on the risks in investing, see section on "*Risk Factors*" on page 28 of this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained and the representations made in the REIT Plan.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

RL Commercial REIT, Inc.
By:

Jericho P. Go
President and Chief Executive Officer

Republic of the Philippines)
City of MAKATI CITY) S.S.

AUG 2 0 2021

SUBSCRIBED AND SWORN to before me this ______ day of ____________ 2021 in the City of _____________, Philippines, affiant exhibiting to me the following as competent evidence of identity his Passport No. P0050872B, issued at DFA Manila, expiring on 27 December 2028.

Doc. No. 94;
Page No. 20;
Book No. 295;
Series of 2021.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll No. 27625, TIN 136897808
n. 412, 4th Flr. VGP Center, Ayala, Makati C
2021 PTR No.Mla 9792919, 15/7/2020
IBP No. 119432, 06/17/2020
MCLE Compliance No VI-0012066

NOTICE TO INVESTORS

The information contained in this REIT Plan relating to our Company and its operations has been supplied by our Company, unless otherwise stated herein. In accordance with the requirements of applicable laws and regulations in the Philippines for the sale of securities, such as the Offer Shares, each of our Company, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter has exercised the required due diligence to the effect that, and our Company confirms that, to the best of our knowledge and belief after having taken reasonable care to ensure that such is the case, as of the date of this REIT Plan, the information contained in this REIT Plan relating to our Company and operations is true and there is no material misstatement or omission of fact which would make any statement in this REIT Plan misleading in any material respect. Our Company accepts responsibility for the information contained in this REIT Plan. Each person contemplating an investment in the Offer Shares should make their own investigation and analysis of the creditworthiness of our Company and their own determination of the suitability of any such investment.

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

No representation or warranty, express or implied, is made by us, the Selling Shareholder or the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter and the Local Underwriters regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. No representation or warranty, express or implied, is made by the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter as to the accuracy or completeness of the information herein and nothing contained in this REIT Plan is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter. The contents of this REIT Plan are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of us and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this REIT Plan, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited. Each offeree of the Offer Shares, by accepting delivery of this REIT Plan, agrees to the foregoing.

No person has been authorized to give any information or to make any representations other than those contained in this REIT Plan and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholder, the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter. This REIT Plan does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this REIT Plan nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The distribution of this REIT Plan and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. We, the Selling Shareholder and the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter require persons into whose possession this REIT Plan comes to inform themselves about and to observe any such restrictions. This REIT Plan does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or resells the Offer Shares or possesses and distributes this REIT Plan and must obtain any consents, approvals or permissions required for the purchase, offer, sale or resale by it of the Offer Shares under the laws, rules and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or resales, and none of the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter, the Selling Shareholder or we shall have any responsibility therefor.

In connection with the Offer, the Stabilizing Agent or any person acting on its behalf may over allot Offer Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any stabilization activities may begin on or after the date on which adequate public disclosure of the final price of the Offer Shares is made and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, rules and regulations. The total number of Shares which the Stabilizing Agent or any person acting in its behalf may purchase to undertake stabilization activities shall not exceed 9.13% of the aggregate number of the Firm Shares. If the Stabilizing Agent commences any stabilization activities (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. There is also no assurance that the price of the Shares will not decline significantly after any such stabilizing activities end.

The Offer Shares are offered subject to the receipt and acceptance of any order by our Company. We reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, we shall subsequently notify the Philippine SEC and the PSE. The Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this REIT Plan, agrees to the foregoing.

CONVENTIONS USED IN THIS REIT PLAN

In this REIT Plan, unless otherwise specified or the context otherwise requires, all references to our "**Company**," the "**Issuer**," "**RLC REIT**," "**we**," "**us**" or "**our**" are to RL Commercial REIT, Inc. All references to "**RLC**", the "**Selling Shareholder**" or to the "**Sponsor**" are to Robinsons Land Corporation.

All references to the "**BSP**" are references to *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. All references to the "**Government**" are references to the government of the Republic of the Philippines. All references to "**United States**" or "**U.S**." are to the United States of America. All references to "**Philippine Pesos**" and "**₱**" are to the lawful currency of the Philippines, and all references to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the United States.

All references herein to dates and times shall mean Philippine dates and times unless otherwise specified. References to Annexes are to the Annexes attached to this REIT Plan.

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

Certain terms used herein are defined in the "*Glossary*" contained elsewhere in this REIT Plan.

PRESENTATION OF CERTAIN DATA AND OPERATING INFORMATION

This REIT Plan contains industry information obtained from publicly available sources and an independent market research study conducted by Jones Lang LaSalle (Philippines) ("**JLL**") to provide an overview of the real estate industry generally in the Philippines (the "**JLL Report**"). In addition, the JLL Report includes information on the office real estate markets in Metro Manila, Metro Cebu, Davao, Naga, and Tarlac, the full version of which is attached to this REIT Plan as Annex B (*JLL Report: Office Market Study in the Philippines*). JLL has relied upon external third-party information in producing the JLL Report and there is no assurance that such information is accurate or complete.

This REIT Plan also includes industry forecasts, market research, Government data, publicly available information and/or industry publications relating to the Philippines and have not been independently verified, and none of the Company, the Sponsor, the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter and the Local Underwriters makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same. The extent to which the market and industry data used in this REIT Plan is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources. 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.

Certain Company information used throughout this REIT Plan has been calculated by us on the basis of certain assumptions, including with reference to the independent property valuation reports prepared by Santos Knight Frank, Inc. as set out in Annex C (*Independent Property Valuation Reports*) to this REIT Plan. As a result, this operating information may not be comparable to similar operating information reported by other companies.

EXCHANGE RATE INFORMATION

This REIT Plan contains translations of certain Peso amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all. Unless otherwise indicated, all translations from Philippine Pesos to U.S. dollars have been made at a rate of U.S.$1.00 = ₱48.544, the BSP Reference Rate quoted in the BSP's Daily Reference Exchange Rate Bulletin on June 30, 2021.

See "*Exchange Rates*" on page 60 of this REIT Plan for further information regarding the rates of exchange between the Philippine Peso and the U.S. dollar.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are reported in Philippine Pesos and are prepared based on our accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines. PFRS include statements named PFRS, Philippine Accounting Standards, and Philippine Interpretations of International Financial Reporting Interpretations Committee interpretations issued by the Financial Reporting Standards Council.

Our fiscal year begins on January 1 and ends on December 31 of each year. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited ("**SGV & Co**."), has audited our financial statements as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of and for the six months ended June 30, 2021 and 2020, in accordance with Philippine Standards on Auditing ("**PSA**").

This REIT Plan includes the following financial statements:

(i) audited combined carve-out financial statements as of and for the years ended December 31, 2020, 2019, 2018 and 2017 (the "**Historical Combined Carve-Out Financial Statements**") and audited combined carve-out financial statements as of and for the six months ended June 30, 2021 and 2020 (the "**Interim Combined Carve-Out Financial Statements**" and together with the Historical Combined Carve-out Financial Statements, the "**Combined Carve-Out Financial Statements**"), which were prepared in compliance with PFRS;

(ii) pro forma financial statements as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and the year ended December 31, 2020, (the "**Pro Forma Financial Statements**"); and

(iii) the historical audited financial statements of RLC REIT (formerly Robinsons Realty and Management Corporation) prior to its designation as a REIT Company as of and for the years ended December 31, 2020, 2019, 2018 and 2017, as of and for the six months ended June 30, 2021 and 2020.

In this REIT Plan, references to "2017", "2018", "2019" and "2020" refer to the fiscal years ended December 31, 2017, 2018, 2019 and 2020, respectively. The financial information for such periods used in this REIT Plan is extracted or otherwise derived from the above financial statements included in this REIT Plan. Unless otherwise indicated, financial information relating to us in this REIT Plan is stated in accordance with PFRS.

In contemplation of the Offer and in compliance with applicable regulatory requirements of the Philippine SEC for companies seeking registration of their securities and as a REIT company, we entered into and implemented the REIT Formation Transactions. On April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred its ownership over 13 properties, (the "**Assigned Properties**", and such transaction for the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to the Assigned Properties, the "**Property-for-Share Swap**"). In addition, the Sponsor is leasing: (a) two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "**Cybergate Center Buildings**" and the lease arrangements for such buildings, the "**Cybergate Center Leases**"), and (b) certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "**Land Leases**")[3] to RLC REIT (the Property-for-Share Swap, the Cybergate Center Leases and the Land Leases, together with the ancillary transactions for the implementation of such transfers and leases, including the AOI Amendments, are collectively referred to as the "**REIT Formation Transactions**").

Combined Carve-out Financial Statements

The Combined Carve-out Financial Statements are prepared on the basis of the assumption that all the Assigned Properties subject of the Property-for-Share Swap were part of RLC REIT for the relevant periods prior to the REIT Formation Transactions. The Combined Carve-out Financial Statements have been prepared to provide the historical financial position and performance and cash flows of the Assigned Properties as at and for the years then ended by separating the historical financial information pertaining to the Assigned Properties from the Sponsor's audited financial statements in accordance with PFRS. The historical financial information of the Cybergate Center Buildings are excluded from the Combined Carve-out Financial Statements because (i) there

[3] *As of the date of this REIT Plan, the Cybergate Center Leases and Land Leases have been executed and commenced upon the Philippine SEC's approval of the Property-for-Share Swap on August 2, 2021.*

were no leases in respect of the Cybergategate Center Buildings that had been executed as of December 31, 2020, 2019, 2018 and 2017 and June 30, 2021 and 2020; and (ii) even after the execution of the Cybergate Center Leases, the ownership and operation of these buildings will not be transferred to our Company and will continue to be with our Sponsor. As such, there is no historical financial information pertaining to the lease of these buildings that can be combined into the Combined Carve-out Financial Statements. The Combined Carve Out Financial Statements are intended to show the historical financial, performance, and cash flows of the Assigned Properties that will be transferred to the Company through Property-for-Share Swap.

The Combined Carve Out Financial Statements are based on historical information, while the lease of the Cybergate Center Buildings is not historical information.

The historical, stand-alone financial information of RLC REIT, is different from the financial information of the Assigned Properties which is the subject to the accompanying Combined Carve-Out Financial Statements. As such, the Combined Carve-out Financial Statements may not be representative of the financial position of RLC REIT for future periods. The accompanying combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC.

PFRSs do not include specific guidance for preparation of combined and carved out financial statements. See Note 2 (Basis of Preparation) of the Combined Carve-out Financial Statements elsewhere in this REIT Plan for further details on the principles used in the preparation of the combined and carved out financial statements of the Assigned Properties.

Based on management judgment, our Company can prepare Combined Carve-out Financial Statements because the assets to be combined are ultimately under common control by RLC during the periods presented and the Combined Carve-out Financial Statements will provide the historical combined financial position and performance and cash flows of the combining assets which are intended to be used by a wide range of users, including potential investors in RLC REIT, RLC's stockholders and the public, who cannot otherwise obtain the financial information through other means. For details on the pro forma effect of the transfer of the ownership of the Assigned Properties and the lease of the Cybergate Center Buildings to our Company, see the Pro Forma Financial Statements elsewhere in this REIT Plan.

Pro Forma Financial Statements

This REIT Plan also includes the unaudited Pro Forma Financial Statements. The unaudited pro-forma financial information has been prepared solely for the inclusion in the REIT Plan and should be read in conjunction with the audited Combined Carve-Out Financial Statements. The unaudited pro forma condensed consolidated information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68 ("**Revised SRC Rule 68**").

The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

The pro-forma information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

SGV & Co. has reviewed the pro forma adjustments reflecting the transactions described in the unaudited Pro Forma Financial Statements and the application of those adjustments to the historical amounts in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus*. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro forma financial information. The degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied.

Historical Financial Statements of RLC REIT (formerly Robinsons Realty and Management Corporation)

This REIT Plan includes the historical audited financial statements of our Company prior to its designation as a REIT entity and prior to the completion of the REIT Formation Transactions as of and for the years ended December 31, 2020, 2019, 2018 and 2017 and as of and for the six months ended June 30, 2021 and 2020, and as such does not reflect the impact of the REIT Formation Transactions on our Company. See the Pro Forma Financial Statements included elsewhere in the REIT Plan for the presentation of the impact of the REIT Formation Transactions on our Company.

PRESENTATION OF NON-PFRS FINANCIAL INFORMATION

This REIT Plan includes certain non-PFRS financial measures, including AFFO.

Adjusted funds from operations ("**AFFO**") is calculated by subtracting from funds from operations ("**FFO**") (1) maintenance capital expenditure necessary to maintain the Company's properties and its revenue stream, (2) difference between income from straight-line method of recognizing revenue and actual income, (3) commission expense adjustments and (4) lease payments related to right of use assets. We believe that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of our Company's operating results among investors. AFFO is an important measurement because our leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of comprehensive income due to the application of straight-line method of recognizing Rental Income. Non-cash expenses such as depreciation on investment properties are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, we believe that AFFO provides a better measure of our ability to distribute dividends.

These non-PFRS financial measures are supplemental measures of our Company's performance that are not required by, or presented in accordance with, and should not be considered as an alternative to net profit, revenues or any other measure of our Company's financial performance derived in accordance with PFRS or as an alternative to cash flows from operations or as a measure of our Company's liquidity. Non-PFRS financial measures have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for, an investors' own analysis of the Company's financial condition or results of operations, as reported under PFRS. These non-PFRS financial measures are not standardized terms and other companies may calculate measures bearing the same titles differently, hence a direct comparison between companies using such terms may not be possible, which limits the usefulness of these non-PFRS financial measures.

FORWARD-LOOKING STATEMENTS

This REIT Plan contains forward-looking statements and forward-looking financial information (included in the section entitled "*Profit Forecast and Profit Projection*") that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- our overall future business, financial condition, and results of operations, including, but not limited to, financial position or cash flow;
- our goals for or estimates of future operational performance or results; and
- changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements and forward-looking financial information are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements and forward-looking financial information include, among other things:

- risks relating to our business and operations, including those relating to our limited operating history as a REIT and our ability to obtain and retain tenants in our properties;
- the Fund Manager's ability to successfully implement our current and future business strategies and to manage our expansion and growth;
- increases in maintenance and operational costs;
- changes in the Philippine real estate market and the demand for the office, BPO and other commercial property spaces and developments;
- any material adverse change in the quality of the tenants in our properties;
- risks (including political, social and economic conditions) relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- our ability to obtain financing or raise debt, changes in interest rates, inflation rates and the value of the Philippine Peso against the U.S. dollar and other currencies;
- changes in Government laws and regulations, including changes in REIT Regulations, tax laws, or licensing in the Philippines;
- competition in the commercial real estate market in the Philippines;
- material changes to any planned capital expenditures for our properties as a result of market demands, financial conditions, and legal requirements, among others;
- risks relating to the presentation of financial and other information in this REIT Plan;
- risks relating to the Offer and the Offer Shares; and

- any other matters not yet known to our Fund Manager or not currently considered material by our Fund Manager.

These forward-looking statements and forward-looking financial information speak only as of the date of this REIT Plan. We, the Selling Shareholder, the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement and/or forward-looking financial information contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This REIT Plan includes statements regarding our expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "can," "could," and similar words identify forward-looking statements. Statements that describe our objectives, plans or goals are forward-looking statements. In addition, all statements other than statements of historical facts included in this REIT Plan are forward-looking statements.

In view of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this REIT Plan might not occur. In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this REIT Plan must be considered with caution and reservation.

Actual results could differ materially from those contemplated in the relevant forward-looking statement and we give no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. This REIT Plan discloses, under the section "*Risk Factors*", "*Profit Forecast and Profit Projection*", "*Industry Overview*" and elsewhere, important factors that could cause actual results to differ materially from our expectations. The projections and the information from the valuation reports included in this REIT Plan are subject to and based on certain assumptions, and should be read together with the assumptions and notes therein.

All subsequent written and oral forward-looking statements attributable to us or persons acting on behalf of us are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY

In this REIT Plan, unless the context otherwise requires, the following terms shall have the meanings set forth below.

AOI	refers to the Articles of Incorporation of our Company
AOI Amendments	The application with the Philippine SEC for certain amendments to our Articles of Incorporation, including: (i) a further change of name to RL Commercial REIT, Inc.; (ii) amending the primary purpose of our Company to engage in the business of a REIT, as provided under the REIT Law; (iii) changing our principal office address; (iv) the denial of pre-emptive rights to all stockholders of our Company; and (v) increasing the authorized capital stock of our Company from ₱100,000,000, divided into 100,000,000 common shares with par value of ₱1.00 per share, to 39,795,988,732 Shares with par value of ₱1.00 per Share. The AOI Amendments were approved on August 2, 2021.
Application	An application to subscribe for Offer Shares pursuant to the Offer
Appraised Value	The appraised value of each Property in the Portfolio as determined by the Valuer as of the relevant date; the aggregate Appraised Value of the Portfolio includes all the Properties, including the leased Cybergate Center Buildings
Assigned Properties	Refers to the following properties subject of the Property-for-Share Swap: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa Tower, Zeta Tower (the twin towers, collectively referred to as one Property, the Exxa-Zeta Tower), Robinsons Cybergate Cebu (5/F to 7/F), Galleria Cebu (3/F to 4/F), Luisita BTS 1, Cybergate Naga (3/F to 5/F), and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center
BIR	The Philippine Bureau of Internal Revenue
Board of Directors or Board	The board of directors of RLC REIT
BofA Securities	Merrill Lynch (Singapore) Pte. Ltd.
BPI Capital	BPI Capital Corporation
BPO	Business process outsourcing, a primary sector of the IT-BPM industry
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines
CAGR	Compound Annual Growth Rate
CAR	Certificate authorizing registration, a document issued by the BIR
CBD	Central business district
CCT	Condominium certificate of title, representing an ownership interest in the relevant office condominium unit and an undivided interest in the land where the building is located
CLSA	CLSA Limited

Combined Carve-out Financial Statements	The audited combined carve-out financial statements as of and for the years ended December 31, 2020, 2019, 2018 and 2017, and as of and for the six months ended June 30, 2021 and 2020, which have been prepared by separating the historical financial information pertaining to the Assigned Properties subject of the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS
Committed Occupancy Rate	Actual occupied area plus currently available area for which a letter of intent/ a lease agreement has been executed, divided by total GLA
Corporation Code	Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines
CUSA	Common usage service area
Cybergate Center Buildings	Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3
Cybergate Center Building Leases	The lease agreements between the Sponsor and RLC REIT for the lease of each of the Cybergate Center Buildings as part of the REIT Formation Transactions
Distributable Income	Net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) to be declared as dividends to Shareholders pursuant to the REIT Law
Escrow Agent	Rizal Commercial Banking Corporation – Trust and Investments Group
Foreign Investments Act	Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended
Forecast Period 2021	refers to our Company's forecast statements of comprehensive income and distribution for the four- month period commencing on September 1, 2021 and ending on December 31, 2021
Firm Shares	3,342,864,000 Shares to be sold by the Selling Shareholder
Fund Management Agreement	The fund management agreement, dated July 13, 2021, between the Company and the Fund Manager
Fund Manager	RL Fund Management, Inc., a corporation organized and existing under the law of the Philippines
Government	Government of the Republic of the Philippines and all its instrumentalities
GLA or "Gross Leasable Area"	The areas in the Properties that are leasable to tenants, which primarily comprise commercial office space or retail space, as of the relevant date. Each GLA figure presented in this REIT Plan should be read as "more or less" to account for the margin of error (+/-5 sqm) which is accepted in industry practice when measuring such space
Gross Revenues	refers to the aggregate of Rental Income, Income from Dues and Other Income, as presented in the Combined Carve-out Financial Statements

Income from Dues	refers to Income from dues – net, consists of income from CUSA, airconditioning, electricity and water dues in excess of actual charges and consumption and is presented net of related costs and expenses in the Combined Carve-out Financial Statements
Institutional Offer	The offer for sale of the Institutional Offer Shares (i) outside the United States by the Lead International Bookrunner and the International Bookrunner in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through the Lead International Bookrunner and the International Bookrunners' U.S. registered broker-dealer affiliates to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines by the Lead Local Underwriter and the Local Underwriters
Institutional Offer Shares	2,340,004,800 Offer Shares being offered pursuant to the Institutional Offer
International Bookrunners	BofA Securities and CLSA
Investment Property	Consists of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Assigned Properties. Investment Properties, except for land, are carried at cost less accumulated depreciation and any impairment in value.
IT-BPM	Information technology and business process management
JLL	Jones Lang LaSalle (Philippines)
Joint Global Coordinators	BPI Capital and UBS
Land Leases	refers to the lease agreements entered into between RLC REIT and the Sponsor for the lease of the land where certain of the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated
Lead International Bookrunner	UBS
Lead Local Underwriter	BPI Capital
Listing Date	The date on which the trading of the Offer Shares on the PSE begins, expected to be on or about September 14, 2021
Local small investors or LSIs	Local small investors under the PSE's Local Small Investors program
Local Underwriters	collectively, China Bank Capital Corporation, First Metro Investment Corporation, and PNB Capital and Investment Corporation
Metro Manila	The metropolitan area comprising the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig and Valenzuela and the municipality of Pateros
NLA	Net leasable area
Net Operating Income	Gross Revenue less costs and expenses of the Properties and any other property our Company may acquire

Occupancy Rate	The actual occupied area divided by total GLA. The actual occupied area excludes leasable space for which there is a committed lease which has not yet commenced.
Offer	The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein
Offer Price	₱6.45 per Offer Share
Offer Shares	The Firm Shares and the Option Shares
Option Shares	Up to 305,103,000 Shares to be sold by the Selling Shareholder and purchased by the Stabilizing Agent upon exercise of the Overallotment Option
Other Income	Refers to income earned from forfeitures and penalties charged to tenants for late payments and gain from insurance claims
Overallotment Option	An option granted by the Selling Shareholder to the Stabilizing Agent
Participating Underwriter	SB Capital Investment Corporation
PCD	Philippine Central Depository
PDS	Philippine Dealing System
PDTC	Philippine Depository & Trust Corp.
Philippine National	As defined under the Foreign Investments Act, 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 Revised Corporation Code of the Philippines, 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
Philippine SEC	The Philippine Securities and Exchange Commission
Portfolio	our initial REIT portfolio comprising the Properties held by our Company as of the Listing Date
Pro Forma Financial Statements	refers to the unaudited pro-forma condensed financial information as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and the year ended December 31, 2020
Pro Forma Gross Revenues	refers to the aggregate of Rental Income and Income from Dues –net, as derived from the Pro Forma Financial Statements
Pro Forma Rental Income	refers to Rental Income, as derived from the Pro Forma Financial Statements
Projection Year 2022	refers to our Company's projected statements of comprehensive income and distribution for year ending on December 31, 2022

the Properties	The 14 office and commercial assets comprising our Portfolio as of the Listing Date, comprising the Assigned Properties and the two Cybergate Center Buildings, and "Property" means any one of them
Property-for-Share Swap	The transfer of the Assigned Properties by the Sponsor to RLC REIT as part of the REIT Formation Transactions for an aggregate consideration of ₱59,046,000,000.00
Property Manager	RL Property Management, Inc., a corporation organized and existing under the law of the Philippines
Property Management Agreement	The property management agreement, dated July 13, 2021, between the Company and the Property Manager
PSE	The Philippine Stock Exchange, Inc.
PSE Trading Participants	Duly licensed securities brokers who are trading participants of the PSE
Public Shareholder	A shareholder of the Company, other than the following persons ("**Non-public Shareholders**"): i Any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the Company; ii A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than ten percent (10%) of any class of securities of (i); iii A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of the Company; iii An associate of (ii) and (iii); iv A Parent, Subsidiary, or Affiliate of the Company or anyone listed in (i); and v Any person who holds legal title to the shares of stock of the Company for the benefit of another for the purpose of circumventing the provisions of the REIT Law.
QIB	Qualified institutional buyer, as such term is defined in Rule 144A of the U.S. Securities Act
Receiving Agent	Stock Transfer Service, Inc.

Regulation S	Regulation S under the U.S. Securities Act
REIT	real estate investment trust. The REIT Law defines a REIT as a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the Philippine SEC principally for the purpose of owning income-generating real estate assets. Although under the REIT Law, such entity is called a "trust," the term was adopted for the sole purpose of aligning with global best practices and terminology, and a REIT organized under Philippine laws is subject to the Corporation Code as a stock corporation and does not operate under the same regime as trusts generally under applicable laws and regulations governing trusts.
REIT Formation Transactions	collectively, the Property-for-Share Swap, the entry into the Cybergate Center Building Leases, the entry into the Land Leases where certain of the Assigned Properties are located, together with the ancillary transactions for the implementation of such transfers and leases, including the AOI Amendments
REIT Law	Republic Act No. 9856, the Real Estate Investment Trust (REIT) Act of 2009 together with the REIT Regulations.
REIT Regulations	refer to the rules and regulations implementing the REIT Law, including Memorandum Circular No. 1, Series of 2020 issued by the Philippine SEC and Revenue Regulations No. 13-2011 and 3-2020 issued by the BIR
Rental Income	The rental payments payable by all tenants for the use of leased spaces in the Properties, which consists of rental income on leased office, retail and parking properties and is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the relevant tenants, as provided under the terms of the lease contract
RLC	Robinsons Land Corporation
RLC Group	refers to RLC together with its subsidiaries and affiliates, including JG Summit Holdings, Inc.
Rule 144A	Rule 144A under the U.S. Securities Act
SCCP	Securities Clearing Corporation of the Philippines
Selling Shareholder	RLC
Shares	The common shares of RLC REIT, par value of ₱1.00 per share
the "Shareholders"	The shareholders of the Company, following the completion of the Offer
SKF	Santos Knight Frank, Inc.
Sponsor	RLC
sqm	Square meters
SRC	Republic Act No. 8799, otherwise known as the Philippine Securities Regulation Code, as amended from time to time, and including the rules and regulations issued thereunder

Stabilizing Agent	UBS AG, Singapore Branch
Stock and Transfer Agent	Stock Transfer Service, Inc.
Tax Code	The National Internal Revenue Code of the Philippines, as amended
Top 10 Tenants	The 10 largest tenants in terms of leased GLA across our Portfolio as of a given date, excluding affiliates of our Company
Trading Participants and Retail Offer	The offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines
Trading Participants and Retail Offer Shares	1,002,859,200 Offer Shares being offered pursuant to the Trading Participants and Retail Offer
Trading Participants and Retail Offer Settlement Date	The date on which settlement of the Trading Participants and Retail Offer Shares is to be made, expected to be on or about September 3, 2021
UBS	UBS AG, Singapore Branch
U.S.	The United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
Valuer	SKF
VAT	Value-added tax
WALE	Weighted average lease expiry calculated as: (i) the sum of the products of (1) the remaining lease term of each tenant of the Property, multiplied by (2) the GLA of such lease, divided by (ii) the total occupied GLA of all the Properties

REIT PLAN SUMMARY

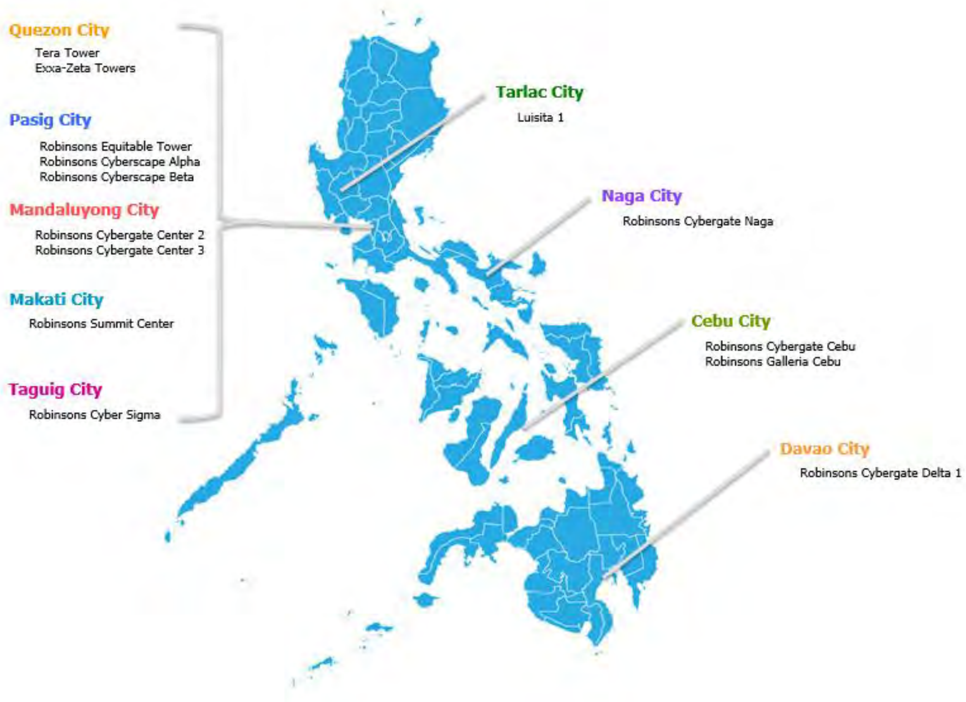
The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this REIT Plan, including our audited financial statements and the notes thereto, appearing elsewhere in this REIT Plan.

OVERVIEW

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) ("**RLC REIT**"), a company designated by Robinsons Land Corporation ("**RLC**" or the "**Sponsor**") to operate as a REIT, leases to a diversified tenant base a high-quality portfolio (the "**Portfolio**") of 14 commercial real estate assets (the "**Properties**" and each, a "**Property**") across the Philippines with an aggregate Portfolio GLA of 425,315 sqm as of the date of this REIT Plan. Our Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of our office tenants.

The principal investment mandate of RLC REIT is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major central business districts ("**CBDs**") and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as information technology and business process management ("**IT-BPM**") services, including business process outsourcing ("**BPO**") services, to secure stable occupancy and income from operations. See "—*Investment Policy*."

Our initial Portfolio of 14 assets comprises the Assigned Properties and the Cybergate Center Buildings with an aggregate Appraised Value of ₱73,884.0 million (US$1,522.0 million) as of June 30, 2021 located in CBDs across Metro Manila and in the key cities of Naga, Tarlac, Cebu and Davao outside of Metro Manila.



In preparation for the Offering, on April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred its ownership over 13 properties (the "**Assigned Properties**", and such transaction for the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to the Assigned Properties, the "**Property-for-Share Swap**"). In addition, the Sponsor is leasing: (a) two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "**Cybergate Center Buildings**" and the lease arrangements for such buildings, the "**Cybergate Center Leases**"), and (b) certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "**Land Leases**")[4] to RLC REIT (the Property-for-Share Swap, the Cybergate Center Leases and the Land Leases, together with the ancillary transactions for the implementation of such transfers and leases, including the AOI Amendments, are collectively referred to as the "**REIT Formation Transactions**"). See "*Business—History—REIT Formation Transactions*" for further details. This REIT Plan includes (i) audited Combined Carve-out Financial Statements of the Assigned Properties on a historical basis by separating the historical information pertaining to the Assigned Properties out of the Sponsor's financial statements; (ii) pro forma financial information taking into account the completion of the Property-for Share-Swap, the Land Leases, the Cybergate Center Leases and adoption of fair value method in the measurement of investment properties, as if these REIT Formation Transactions had occurred of January 1, 2021 and 2020; and (iii) the historical audited financial information of RLC REIT prior to its designation as a REIT company.

The appraised values of our Properties as of June 30, 2021 are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by Santos Knight Frank ("**SKF**" or the "**Valuer**"). The Valuation Reports were prepared for the registration statement and the listing application to be submitted to the Philippine SEC and the PSE, in connection with the initial public offering of RLC REIT. The Valuation Reports are based on multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the market value of the Properties, SKF used the income approach, specifically the discounted cash flow ("**DCF**") analysis since this method is usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant Property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex C (*Independent Property Valuation Reports*) elsewhere in this REIT Plan. The Appraised Value of our Portfolio includes the valuation of the Cybergate Center Buildings, which unlike the Assigned Properties, are leased by our Company from the Sponsor.

For the year ended December 31, 2020 and for the six months ended June 30, 2021, Rental Income of the Assigned Properties amounted to ₱2,952.0 million (US$60.8 million) and ₱1,580.8 million (US$32.6 million), respectively, and Gross Revenue of the Assigned Properties was ₱3,580.9 million (US$73.8 million) and ₱1,909.8 million (US$39.4 million), respectively. On a pro forma basis for the year ended December 31, 2020 and for the six months ended June 30, 2021, Pro Forma Rental Income amounted to ₱3,944.5 million (US$81.3 million) and ₱1,956.1 million (US$40.3 million), respectively and Pro Forma Gross Revenue amounted to ₱6,097.4 million (US$125.6 million) and ₱2,527.5 million (US$52.1 million), respectively.

[4] *As of the date of this REIT Plan, the Cybergate Center Leases and Land Leases have been executed and commenced upon the Philippine SEC's approval of the Property-for-Share Swap on August 2, 2021.*

The table below provides details of each Property as indicated. All of the Properties were developed by our Sponsor, RLC.

	Location	Year Completed	Registration / Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million) (2)	Title to Asset(3)	Title to Land(3)
Metro Manila									
Assigned Properties									
Robinsons Equitable Tower.........	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.4%	3,426.0	Freehold over 96 units(5)	Undivided interest in land
Robinsons Summit Center	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	11,476.0	Freehold over 31 units(6)	Undivided interest in land
Cyberscape Alpha	Ortigas CBD, Pasig City	2014	PEZA	A	49,902	11.7%	8,545.0	Building owned	Land leased from Sponsor for 99 years(4)
Cyberscape Beta............	Ortigas CBD, Pasig City	2014	PEZA	A	42,245	9.9%	7,794.0	Building owned	Land leased from Sponsor for 98 years(4)
Tera Tower	Bridgetowne Complex IT Park, Quezon City	2015	PEZA, LEED Gold	A / Prime	35,087	8.2%	6,066.0	Building owned	Land leased from Sponsor for 98 years(4)
Cyber Sigma.........	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	11.7%	5,823.0	Building owned	Land leased from BCDA for 25 years(7)
Exxa-Zeta Tower(8)......	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	17.5%	11,867.0	Building owned	Land leased from Sponsor for 99 years(4)
Cybergate Center Building Leases									
Robinsons Cybergate Center 2	Cybergate Complex IT Park, Mandaluyong City	2007	PEZA	A	43,672	10.3%	6,808.0	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	10.5%	7,873.0	Building leased from Sponsor	N/A
Outside Metro Manila									
Assigned Properties									
Robinsons Cybergate Cebu...........	Cebu City	2011	PEZA	B	6,866	1.6%	672.0	5/F to 7/F owned	Land leased from Sponsor for 98 years(4)
Galleria Cebu...........	Cebu City	2017	PEZA	A	8,851	2.1%	943.0	3/F to 4/F owned	Land leased from Sponsor for 99 years(4)
Luisita BTS 1................	Robinsons Luisita Complex, Tarlac City	2018	PEZA	B	5,786	1.4%	620.0	Building owned	Land leased from Sponsor for 99 years(4)
Cybergate Naga...........	Robinsons Place Naga Complex, Naga City	2018	PEZA	B	6,070	1.4%	687.0	3/F to 5/F owned	Land leased from Sponsor for 99 years(4)
Cybergate Delta 1	Robinsons Cyberpark Davao, Davao City	2018	PEZA	A	11,910	2.8%	1,284.0	Building owned	Land leased from Sponsor for 99 years(4)
Total					**425,315**	**100.0%**	**₱73,884.0**		

Notes:

(1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are modern specification buildings with high quality finishes, typically located in prime locations while those classified as "Grade B" are medium quality buildings in prime locations or "Grade A" standard buildings, but in secondary locations.

(2) As of June 30, 2021. See Annex C (Independent Property Valuation Reports) appended to this REIT Plan. The aggregate Appraised Value of our Portfolio includes the appraised value of the Cybergate Center Buildings.

(3) See "Business—History—REIT Formation Transactions."

(4) As of August 2, 2021, our application for the approval of the Property-for-Share Swap was approved by the Philippine SEC. As such, the relevant lease agreements of our Company and RLC dated July 16, 2021 have become effective. In addition, all applications for the transfer of the relevant Tax Declarations covering the Assigned Properties are still pending with various city and municipal assessor's offices.

(5) RLC REIT owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Pasig City. The other units are owned by the Sponsor (17 units) and third parties which also have an undivided interest in the land where the building is located. There is no difference in the condominium units assigned to RLC REIT and the units still owned by the Sponsor.

(6) RLC REIT owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Summit Center is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Makati City.

(7) The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.

(8) The Exxa-Zeta Tower is a twin tower development and is considered as one Property in this REIT Plan. Under the Comprehensive Deed of Assignment, each tower is listed as a separate property.

Our Properties are all PEZA-accredited and have consistently high occupancy rates, earning stable rental revenues as a result, and our Portfolio has a WALE of 4.3 years (by leased GLA)[5] as of June 30, 2021. Moreover, each of the Properties is fully insured equivalent to their respective replacement value.

DIVIDEND POLICY

We are required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of our Company's Board, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such period, the declaration shall be deemed approved.

THE FUND MANAGER

Our Fund Manager, RL Fund Management, Inc., is a corporation organized under the laws of the Philippines. The Fund Manager was incorporated on May 28, 2021, and has its registered office at 14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Fund Manager is a wholly owned Subsidiary of the Sponsor. Save as is disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines. The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Fund Manager.

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[5] *The weighted average lease expiry would be 4.3 years if determined based on the total GLA as of June 30, 2021.*

Fund Management Fee

The Fund Management Fee is calculated as follows:

Fund Management Fee	=	**Management Fee** = 0.10% of Deposited Property Value and Fair Value of leasehold assets(1) for the relevant period + 3.5% of EBITDA(2) before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period
		plus
		Acquisition Fee (if applicable) = 1% of acquisition price for every acquisition made
		plus
		Divestment Fee (if applicable) = 0.50% of the selling price for every property divested

Notes:
(1) For purposes of determining Deposited Property Value and Fair Value of leasehold assets on a quarterly basis, the Deposited Property Value of the Company's assets and the Fair Value of the assets leased by the Company as of the last day of the immediately preceding calendar quarter divided by four shall be used as the basis. The Deposited Property Value is determined with reference to latest appraisal of the Portfolio, including the appraised valuation of the leasehold assets, which will be conducted at least once a year by an accredited external property valuer.

(2) The Fund Manager shall be paid the Management Fee based on an unaudited computation of the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the relevant quarter, without taking into consideration accounting adjustments.

In the event that there is a discrepancy in the unaudited and audited figures of EBITDA and in the valuation of the Company's assets, the Management Fee paid to the Fund Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Fund Management Fee is exclusive of all applicable taxes.

The Fund Management Fee shall be due and payable to the Fund Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Fund Management Fee is to be applied. The computation for the Fund Management Fee shall be reviewed every five years.

THE PROPERTY MANAGER

Our Property Manager, RL Property Management, Inc., is a corporation organized under the laws of the Philippines. The Property Manager was incorporated on April 12, 2021, and has its registered office at 11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Property Manager is a wholly owned Subsidiary of the Sponsor. The Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

Property Management Fee

The Property Management Fee is calculated as follows:

Property Management Fee	=	3% of Gross Rental Income(1) for the relevant period
		plus
		2% of EBITDA(2) before deduction of fees payable to the Fund Manager and Property Manager for the relevant period

Notes:
(1) For purposes of determining the Property Management Fee, Gross Rental Income and EBITDA will be based on an unaudited computation of the Company's Gross Rental Income and EBITDA for the relevant quarter without taking into consideration accounting adjustments.

(2) EBITDA is calculated as the earnings before interest, taxes, depreciation and amortization before deduction of fees payable to the Fund Manager and Property Manager for the relevant period.

In the event that there is a discrepancy in the unaudited and audited figures of the Gross Rental Income and EBITDA, the Property Management Fee paid to the Property Manager for the relevant calendar year shall be correspondingly adjusted.

The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Property Management Fee is exclusive of all applicable taxes.

The Property Management Fee shall be due and payable to the Property Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Property Management Fee is to be applied. The computation for the Property Management Fee shall be reviewed every five years.

STRENGTHS AND STRATEGIES

A summary of our Company's strengths and strategies is set out below. For further information, see "*Business—Strengths and Strategies*" beginning on page 108 of this REIT Plan.

COMPETITIVE STRENGTHS

We believe that our company benefits from the following competitive strengths:

- ***Strong Sponsorship from leading real estate developer with established track record in commercial development***

- ***Resilient Philippines BPO industry with robust growth profile supported by strong demand fundamentals***

- ***PEZA-accredited Grade A commercial assets geographically diversified across major Philippine CBDs and commercial hubs***

- ***Stable income from long leases and high quality tenants predominantly from the BPO sector***

- ***Strong organic growth from contracted rental escalations and inorganic growth from large, high quality acquisition pipeline from Sponsor***

- ***Management team and Board of Directors with strong track record and extensive experience***

BUSINESS STRATEGIES

The principal strategy of RLC REIT is to invest on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes and strategically located in major CBDs and key cities and urban areas across the Philippines. The Fund Manager and the Property Manager in collaboration with our Company's management team will ensure the smooth operation of the Portfolio and pursue opportunities for both organic and inorganic growth to improve shareholder return.

- ***Fund Manager***

The Fund Manager plans to achieve its key objectives for our Company through implementing the following strategies:

  - *Pro-active asset management to achieve organic growth*

  - *Inorganic growth strategy via existing asset redevelopment and new asset acquisitions*

  - *Predominant focus on key Metro Manila CBDs and major regional commercial hubs*

  - *Active capital and risk management*

- ***Property Manager***

The Property Manager has been engaged to provide lease and property management, among other services to ensure smooth operations of the assets in the Portfolio, and support our Company and the Fund Manager's strategy and deliver optimal returns to Shareholders.

  - *Pro-active leasing and tenant management*

- *Active property management*

- ***Environmental, social and corporate governance efforts***

RECENT DEVELOPMENTS

Lease Agreements

On July 16, 2021, our Company and the Sponsor entered into the agreements for the lease of the two Cybergate Center Buildings and the lease agreements over the land where the following Assigned Properties are located: Cyberscape Alpha, Cyberscape Beta, Tera Tower, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Galleria Cebu, Luisita BTS 1, Cybergate Naga, and Cybergate Delta 1. These are all long-term agreements with lease terms of 98 and 99 years and with the lease term commencing on the date of the issuance of the Philippine SEC approval of the AOI Amendments, which includes the approval for the increase in authorized capital stock and the Property-for-Share Swap. The AOI Amendments were approved on August 2, 2021. The lease rental rate for each of the Cybergate Center Leases and Land Leases is 7% of the Rental Income of the relevant Assigned Property per month. Furthermore, there is no minimum guaranteed lease payment. See *"—The Properties*" and "*Certain Agreements Relating to Our Company and the Properties*" for further details of the lease agreements.

Following the commencement of such leases, the Company shall account for the Cybergate Center Leases and the Land Leases under a contingent/variable lease arrangement by recording an expense in the statement of comprehensive income equivalent to 7% of the rental income generated by the underlying office assets on a monthly basis in accordance with PFRS 16.

PFRS 16 requires a lessee to recognize a right-of-use asset and lease liability in the statement of financial position for long-term leases. The lease liability is measured at the commencement date of the lease as the present value of future "lease payments" discounted over the lease term at the rate implicit in the lease. "Lease payments" pertain to payments over the term of the lease that are reasonably estimable such as fixed lease payments and variable lease payments that depend on an index or a benchmark rate. Under PFRS 16, variable lease payments that do not depend on an index or benchmark rate, including variable lease payments that are wholly contingent or linked to the future performance of the underlying assets such as revenues or turnover similar to the terms and conditions of the Cybergate Center Leases and the Land Leases, do not meet the definition of "lease payments" under PFRS 16. Accordingly, the basis in which to determine the future lease payments to measure the right of use asset and lease liability cannot be reasonably estimated. As such, the related lease payments/rent expense that is determined on a contingent/variable lease arrangement is recognized as an expense in the statement of comprehensive income in the period in which the event or condition occurs.

INVESTOR RELATIONS OFFICE AND COMPLIANCE OFFICE

The investor relations office will implement the investor relations program in order to reach out to all shareholders and keep them informed of corporate activities. The office will also handle communication of relevant information to our stakeholders as well as to the broader investor community. The investor relations office will also be responsible for receiving and responding to investor and shareholder queries relating to RLC REIT.

Catalina M. Sanchez has been appointed by the Board as the head of the investor relations office and to serve as our Investor Relations Officer ("**IRO**"). The IRO will ensure that we comply with and file on a timely basis all required disclosures and continuing requirements of the Philippine SEC and the PSE. In addition, the IRO will oversee most aspects of the shareholder meetings, press conferences, investor briefings, and management of the investor relations portion of our website, which will contain information, including but not limited to:

(a) Company information (organizational structure, board of directors and management team);
(b) Company news (analyst briefing report, press releases, latest news, newsletters (if any));
(c) Financial report (annual and quarterly reports for the past two years);
(d) Disclosures (recent disclosures to PSE and SEC for the past two years);
(e) Investor FAQs;
(f) Investor Contact (email address and phone numbers for feedback/comments, shareholder assistance and service); and
(g) Stock Information.

Matias G. Raymundo Jr., the Chief Financial Officer of the Company, will also serve as our Chief Compliance Officer to ensure that we comply with, and file on a timely basis, all required disclosures and continuing requirements of the Philippine SEC and the PSE.

The investor relations office will be located in our principal place of business with contact details as follows:

Landline: +632 8397 0334
E-mail: investor.relations@robinsonsland.com
Website: https://www.rlcommercialreit.com.ph

RLC REIT AND FUND MANAGER INFORMATION

RLC REIT is a Philippine corporation organized under the laws of the Philippines. Our principal office address is 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City 1605 Philippines, with telephone number: +632 8395 2177.

Our corporate website is https://www.rlcommercialreit.com.ph. Information in the website is not incorporated by reference into this REIT Plan.

RL Fund Management, Inc. is a Philippine corporation organized under the laws of the Philippines. The Fund Manager's principal office address is 14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines, with telephone number: +632 8397 1888.

SUMMARY OF THE OFFER

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

Issuer	RL Commercial REIT, Inc. ("**RLC REIT**")
Sponsor and Selling Shareholder	Robinsons Land Corporation ("**RLC**")
Fund Manager	RL Fund Management, Inc
Property Manager	RL Property Management, Inc.
Joint Global Coordinators, Lead Managers and Joint Bookrunners	BPI Capital Corporation ("**BPI Capital**") and UBS AG, Singapore Branch ("**UBS**")
Lead International Bookrunner................	UBS
International Bookrunners........................	BofA Securities and CLSA
Lead Local Underwriter	BPI Capital
Local Underwriters	China Bank Capital Corporation, First Metro Investment Corporation and PNB Capital and Investment Corporation
Participating Underwriter.........................	SB Capital Investment Corporation
Offer Shares...	The Firm Shares and the Option Shares
The Offer..	Secondary offer of 3,342,864,000 Firm Shares, with an offer of up to 305,103,000 Option Shares pursuant to the Overallotment Option (as described below) to be offered by the Selling Shareholder
Use of Proceeds..	Our Company will not receive any proceeds from the Offer. The Selling Shareholder will receive all of the proceeds from the sale of the Offer Shares. The Selling Shareholder shall use the entire proceeds from the Offer in accordance with its Reinvestment Plan. See "*Use of Proceeds*" beginning on page 55 of this REIT Plan and Annex A (*Reinvestment Plan*)
Firm Shares..	3,342,864,000 Secondary Shares offered by the Selling Shareholder
Option Shares	Up to 305,103,000 Shares by the Selling Shareholder pursuant to the Overallotment Option

Institutional Offer	2,340,004,800 Firm Shares, or 70% of the Firm Shares (subject to re-allocation as described below), are being offered and sold (i) outside the United States by the Lead International Bookrunner and the International Bookrunners in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through U.S. registered broker-dealer affiliates of the Lead International Bookrunner and the International Bookrunners to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines, by the Lead Local Underwriter and the Local Underwriters. The Option Shares will form part of the Institutional Offer. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company and the Joint Global Coordinators. See "—*Reallocation*" below.
Trading Participants and Retail Offer	1,002,859,200 Firm Shares (or 30% of the Firm Shares) are being offered in the Trading Participants and Retail Offer in the Philippines at the Offer Price (the "**Trading Participants and Retail Offer Shares**"). 668,572,800 Firm Shares (or 20% of the Firm Shares) (the "**Trading Participants Offer Shares**") are being allocated to all of the Eligible PSE Trading Participants at the Offer Price and 334,286,400 Firm Shares (or 10% of the Firm Shares) (the "**Retail Offer Shares**") are being allocated at the Offer Price to local small investors ("**LSIs**"). Each Eligible PSE Trading Participant shall initially be allocated 5,435,500 Firm Shares. Based on the initial allocation for each PSE Trading Participant, there will be a total of 6,300 residual Firm Shares to be allocated as may be determined by the Lead Local Underwriter. Each LSI applicant may subscribe to a minimum of 1,000 Firm Shares and up to a maximum of 155,000 Firm Shares at the Offer Price. The Lead Local Underwriter, Local Underwriters and Participating Underwriter shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer or otherwise not taken up by the PSE Trading Participants or clients of the Lead Local Underwriter, Local Underwriters and Participating Underwriter or the general public in the Philippines pursuant to the terms and conditions of the Domestic Underwriting Agreement. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is

	subject to adjustment as agreed between the Company, the Selling Shareholder and the Joint Global Coordinators. See "—*Reallocation*" below.
Offer Price...	₱6.45 per Offer Share. The Offer Price was determined based on a book-building process and discussions among the Company, the Selling Shareholder and the Joint Global Coordinators.
Overallotment Option	Subject to the approval of the SEC, the Selling Shareholder has granted the Stabilizing Agent, UBS AG, Singapore Branch and its relevant affiliates, an option, exercisable in whole or in part, to purchase the Option Shares to be sold by the Selling Shareholder at the Offer Price, on the same terms and conditions as the Offer Shares as set out in this REIT Plan, solely to cover overallotments, if any, and effect price stabilization transactions. The Overallotment Option is exercisable from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. See "*Plan of Distribution—The Overallotment Option*."
Transfer Restrictions	The Institutional Offer Shares are being offered for sale (i) outside the United States by the Lead International Bookrunner and the International Bookrunners in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through U.S. registered broker-dealer affiliates of the Lead International Bookrunner and the International Bookrunners to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines, by the Lead Local Underwriter and the Local Underwriters. The Offer Shares have not been and will not be registered under the U.S. Securities Act. The Offer Shares may be subject to certain transfer restrictions as described herein. See "*Plan of Distribution — The Institutional Offer*".
Eligible Investors..	The Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund or entity organized under the laws of the Philippines or licensed to do business in the Philippines, regardless of nationality, subject to our right to reject an Application or reduce the number of our Firm Shares applied for subscription and subject to restrictions on ownership as set out below.
Restriction on Ownership..........................	The Offer Shares may be subscribed by any individual of legal age, or by any corporation, association, partnership, or trust, regardless of citizenship or nationality, subject to nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in nationalized or partly nationalized activities, including land ownership. As of the date of this REIT Plan, the Company

	has undivided interests over the land where the Robinsons Equitable Tower and the Robinsons Summit Center are located. As such, foreign shareholdings in our Company may not exceed 40% of our Company's total issued and outstanding capital stock. For more information relating to restrictions on the ownership of the Shares, see "*Regulatory and Environmental Matters—Foreign Investment Laws and Restrictions.*" In the event that foreign ownership of our Company's outstanding capital stock will exceed such allowable maximum percentage, we have the right to reject a transfer request by a stockholder to persons other than Philippine Nationals and the right not to record such purchases in our Company's books. Moreover, if any share is inadvertently issued and/or transferred in violation of the said restriction, the shares issued and/or transferred in excess of the allowable maximum percentage shall be null and void, and we may immediately proceed to cancel and demand the surrender of the certificate of stock covering such shares. Should any stockholder acquire shares in excess of the foregoing restriction, such stockholder shall not be considered a stockholder and shall have no right with respect to such shares except to demand payment therefor from us or transferor, as the case may be, or to dispose of the same to qualified shareholders within 30 days of receipt of notice from us. 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.
Minimum Subscription	Each application must be for a minimum of 1,000 Firm Shares, and thereafter, in multiples of 100 Firm Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.
Reallocation..	The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as may be determined by the Company, the Selling Shareholder and the Joint Global Coordinators. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and a corresponding over-application in the Institutional Offer,

Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

Lock-up .... Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause existing shareholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; 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 Consolidated Listing and Disclosure Rules.

In addition, if there is any issuance or transfer of Shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of Shares (i.e., convertible bonds, warrants or a similar instrument) completed and fully paid for within 180 days prior to the start of the Offer, and the transaction price is lower than that of the Offer Price in the initial public offering, 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 365-day lock-up requirement:

Shareholder	No. of Shares Subject to 365-day Lock-up Period
Robinsons Land Corporation	6,301,030,173 Shares* or 6,606,133,173 Shares**
Frederick D. Go	2 Shares
Kerwin Max S. Tan	2 Shares
Lance Y. Gokongwei	2 Shares
Jericho P. Go	2 Shares
Artemio V. Panganiban	2 Shares
Wilfredo Paras	2 Shares
Cesar Luis F. Bate	2 Shares

** assuming full exercise of the Overallotment Option*
*** assuming no exercise of the Overallotment Option*

To implement the lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a Philippine Central Depository ("**PCD**") participant for the electronic lock-up of the shares or to enter into an

	escrow agreement with the trust department or custodian unit of an independent and reputable financial institution. The Company and the Selling Shareholder have agreed with the Joint Global Coordinators and the Lead International Bookrunner and the International Bookrunners that, except in connection with the Overallotment Option, they will not, without the prior written consent of the Joint Global Coordinators and the Lead International Bookrunner and the International Bookrunners, issue, offer, pledge, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any Shares or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 365 days after the Listing Date. On August 11, 2021, the PSE granted a waiver of the lock-up rule for the shares issued to our Sponsor as a part of the Property-for-Share Swap, subject to the following conditions: (i) our Sponsor may only sell up to 49% of the shares during the IPO; and (ii) the shares not sold during the IPO shall lose their lock-up exemption and be subject to lock-up counted from full payment up to 365 days after the listing date. See "*Security Ownership of Certain Record and Beneficial Owners and Management—Lock-up*" and "*Plan of Distribution— Lock-Up*."
Listing and Trading	The Company has filed an application with the Philippine SEC for the registration and an application with the PSE for the listing of all of its issued and outstanding stock (including the Offer Shares). The Philippine SEC is expected to issue an Order of Effectivity and Permit to Sell on or about August 24, 2021 and the PSE approved the listing application on August 9, 2021, subject to compliance with certain listing conditions. All of the Offer Shares in issue or to be issued are expected to be listed on the Main Board of the PSE under the symbol "**RCR**", on or about September 14, 2021. Trading of the Offer Shares that are not subject to any lock-up is expected to commence on the same date.
Dividends and Dividend Policy	We are required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and

	the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of our Company's Board, including the unanimous vote of all our independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such period, the declaration shall be deemed approved. See "*Dividends and Dividend Policy*".
Registration and Lodgment of Shares with PDTC..	The Offer Shares will be in scripless form and are required to be lodged with the PDTC upon listing. The applicant must provide the information required for the PDTC lodgment of the Offer Shares. The Offer Shares will be lodged with the PDTC, and a certification to that effect shall be submitted to the PSE at least three (3) trading days prior to the Listing Date. As required under the PSE Amended Listing Rules for REITs, all of the shares of stock of the Company shall be issued in the form of uncertified securities and a shareholder may not require the Company to issue a certificate in respect of any share recorded in their name.
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 Philippine banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "*Regulatory and Environmental Matters—Foreign Investment Laws and Restrictions—Registration of Foreign Investments and Foreign Exchange Regulations.*"
Tax Considerations	See "*Philippine Taxation*" for further information on the Philippine tax consequences of the purchase, ownership and disposal of the Offer Shares.
Offer Period..	The Offer Period shall commence at 9:00 a.m., Manila time, on August 25, 2021 and shall end at 12:00 noon, Manila time, on September 3, 2021. The Company and the Joint Global Coordinators reserve the right to extend, shorten, or terminate the Offer Period, subject to the approval of the Philippine SEC and the PSE. Applications must be received by the Receiving Agent no later than 12:00 noon Manila time on September 3, 2021 whether filed through a participating Eligible PSE Trading Participant or filed directly through PSE EASy for LSI Applications. Applications received thereafter or without the

	required documents will be rejected. Applications shall be considered irrevocable upon submission to the Receiving Agent, and shall be subject to the terms and conditions of the Offer as stated in this REIT Plan and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE.
Procedure for Application for the Trading Participants and Retail Offer	<u>For Eligible PSE Trading Participants:</u> Application forms to purchase the Trading Participants Offer Shares and specimen signature cards may be obtained from the Lead Local Underwriter, the Local Underwriters, the Participating Underwriter, the Receiving Agent, and from any of the participating Eligible PSE Trading Participants. Application forms will also be made available for download on the Company website. Applicants shall complete the application form, indicating all pertinent information, such as the applicant's name, address, contact number, taxpayer's identification number, citizenship and all other information required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Offer Shares. Failure to complete the application form may result in the rejection of the application. An Eligible PSE Trading Participant's Application should be submitted in quadruplicate and accompanied by the following documents: • The required attachments as enumerated in the Application; • Two properly filled-out specimen signature cards, each bearing the specimen signature of the Eligible PSE Trading Participant's designated signatories, and if the Applicant is a corporation, duly authenticated and certified by its Corporate Secretary; • Photocopy of one (1) valid and current government-issued IDs (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation; • Proof of payment; and • Notarized Affidavit of Undertaking to Submit Original Copies of the Documents ("**Undertaking to Submit**"), attached as Annex H to the Implementing Guidelines for the Reservation and Allocation of the Company Offer Shares to the Eligible Trading Participants of the PSE

(the "**TP Guidelines**"), within five (5) business days from the submission of the electronic mail of the scanned copies.

In addition, Eligible PSE Trading Participants must submit the following:

- Properly accomplished sales report in excel and pdf format, duly certified by the respective authorized signatories of the Eligible PSE Trading Participant. For physical copies, there must be four (4) copies each bearing the wet ink signature of the certifying authorized signatories of the Eligible PSE Trading Participant;

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

- The Eligible PSE Trading Participant's notarized Endorsement and Certification, attached as Annex F, to the TP Guidelines.

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

- Two properly filled-out specimen signature cards of the authorized signatories, duly authenticated and certified by the Applicant's Corporate Secretary (or equivalent corporate officer);

- Photocopy of one (1) valid and current government-issued IDs (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;

- 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 Philippine SEC certificate of registration duly certified by its corporate secretary (or managing partner in the case of a partnership);

- A duly notarized corporate secretary's certificate (or certificate of the managing partner in case of 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;

- Proof of payment; and
- Such other documents as may be reasonably required by the Lead Local Underwriter, Local Underwriters and Participating Underwriter in compliance with their respective internal policies regarding "knowing your customer", anti-money laundering, and combating the financing of terrorism.

Applicants must represent and warrant, through the Application, that their purchase of the Trading Participants and Retail Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Trading Participants and Retail Offer Shares in the form as set out in the Offer Implementing Guidelines.

For Local Small Investors:

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

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

In the event that an LSI applicant does not have an Eligible PSE Trading Participant, the LSI applicant may open a trade account with the Lead Local Underwriter's affiliated broker, BPI Securities Corporation, and nominate said entity as its endorsing Eligible PSE Trading Participant by accomplishing an account opening form and submitting the same (done through https://www.bpitrade.com and by clicking on "Open An Account"), together with any required attachments prior to submission of the Application.

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 the allocation mechanics. This section should be read in conjunction with the Offer Implementing Guidelines to be published on the PSE EDGE website.

Payment Terms for the Trading Participants and Retail Offer Purchased through PSE Trading Participants...........	The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed application form and specimen signature card together with the requisite attachments. For Eligible PSE Trading Participants, payment for the Offer Shares shall be made through over-the-counter cash or check deposit payment in any BPI branch via Bills Payment under the merchant account "RCR IPO" or any other mode of payment prescribed by the Receiving Agent. For LSIs, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any BPI branch under the merchant account "RCR IPO", (ii) online payment via BPI internet banking or BPI mobile banking under the merchant account "RCR IPO" or (iii) any other mode of payment prescribed by the Receiving Agent. Participating LSIs in the Retail Offer may contact the Receiving Agent for alternative modes of payment. For check payments, all checks should be made payable to "RCR IPO" dated the same date as the date of submission of the Application and crossed ''Payee's Account Only". Only checks with a clearing period of no more than one (1) Banking Day from date of receipt will be acceptable. As applicable, the applications and required documents (including proof of payments) shall be transmitted to the Receiving Agent by electronic mail at rcripo@stocktransfer.com.ph no later than 12:00 noon on the last day of the Offer Period, with the physical copies delivered to the Receiving Agent's address at 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City no later than 12:00 noon five (5) business days after the end of the Offer Period. For more details on the Procedure for Application for the Offer, please refer to the Offer Implementing Guidelines which will be published on the PSE EDGE website prior to the start of the Trading Participants and Retail Offer Period.
Acceptance or Rejection of Applications for the Trading Participants and Retail Offer	Applications for the Trading Participants and Retail Offer Shares are subject to the confirmation of the Lead Local Underwriter and our final approval. The Company and the Selling Shareholder, in consultation with the Lead Local Underwriter, reserve the right to accept, reject or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any application. The Company, the Selling Shareholder and the Lead Local Underwriter have the right to reallocate available Trading Participants and Retail Offer Shares in the event that the Trading Participants and Retail Offer Shares are insufficient to satisfy the total applications received. The Trading Participants and Retail

	Offer Shares will be allotted in such a manner as we and the Lead Local Underwriter may, in our sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications may be rejected if: (i) the subscription price is unpaid or not fully paid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentation; (iii) the Applications are not received by the Receiving Agent on or before the end of the Offer Period; (iv) the number of Offer Shares subscribed is less than the minimum amount of subscription; (v) the Applications do not comply with the terms of the Offer; (vi) the sale of the Offer Shares will result in a violation of foreign ownership and single entity ownership restrictions; (vii) the Applicant is not an Eligible Investor; (viii) the Applications do not have sufficient information as required in the application form or are not supported by the required documents; (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date; or (x) there is failure to create a valid Name-on Central Depository sub-account for the Applicant with the PDTC on or before four (4) banking days prior to the Listing Date. Notwithstanding the acceptance of any application, the actual acquisition of or subscription to the Trading Participants and Retail Offer Shares by an applicant will be effective only upon the crossing and listing of the Trading Participants and Retail Offer Shares on the PSE.
Refunds of the Trading Participants and Retail Offer	In the event that the number of Trading Participants and Retail Offer Shares to be received by an Applicant, as confirmed by the Lead Local Underwriter, is less than the number covered by the Application, or if an Application is rejected, then the Applicant is entitled to a refund, without interest, of all or a portion of the Applicant's payment corresponding to the number of Trading Participants and Retail Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, at the Applicant's risk. Check refunds shall be available for pick-up at the office of the Receiving Agent starting on the fifth business day after the end of the offer period or on September 10, 2021. 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.
Expected Timetable..................................	The timetable of the Offer is expected to be as follows: Bookbuilding Period .... August 13 to August 20, 2021 Pricing... August 20, 2021

	Notice of final Offer Price to the Philippine SEC and PSE	August 23, 2021
	Receipt of the Permit to Sell from the Philippine SEC	August 24, 2021
	Trading Participants and Retail Offer Period	August 25, 2021 to September 3, 2021
	Submission of Firm Order and Commitments by PSE Trading Participants..................................	August 31, 2021, 11:00 a.m.
	Trading Participants and Retail Offer Settlement Date...................	September 3, 2021
	Listing Date and commencement of trading on the PSE	September 14, 2021

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

If, for any reason, any day of the above periods or dates is a not a banking day, then such period or date may be extended or moved, as the case may be, to the next immediately succeeding banking day, or such other date as may be agreed upon by the Company and the Joint Global Coordinators. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE.

Risks of Investing .... In making an investment decision, investors are advised to carefully consider all the information contained in the REIT Plan, including the risks associated with an investment in the Offer Shares. These risks include:

- risks relating to our business and our properties;
- risks relating to the Philippines;
- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in the REIT Plan.

For a more detailed discussion on certain of these risks, see "*Risk Factors*" beginning on page 28, which while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained in the REIT Plan.

Stock and Transfer Agent.......................... Stock Transfer Service, Inc.

Receiving Agent	Stock Transfer Service, Inc.
Escrow Agent	Rizal Commercial Banking Corporation – Trust and Investments Group
Philippine Counsel for the Issuer	Romulo Mabanta Buenaventura Sayoc & de los Angeles
International Counsel for the Issuer	Latham & Watkins LLP
Philippine Counsel for the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and Participating Underwriter	Angara Abello Concepcion Regala & Cruz Law Offices
International Counsel for the Joint Global Coordinators, the Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and Participating Underwriter	Allen & Overy LLP
Independent Auditors	SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditors' reports and our financial statements, including the notes thereto, included elsewhere in this REIT Plan, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information as of and for the years ended December 31, 2018, 2019, and 2020 and as of and for the six months ended June 30, 2021 and 2020 were derived from our audited Combined Carve-out Financial Statements, which were prepared in accordance with PFRS and were audited by SGV & Co. in accordance with the PSA. The Combined Financial Carve-out Statements have been prepared to meet the requirements of the REIT Law and the Philippine SEC for inclusion in this REIT Plan in connection with the Offering.

The Combined Carve-out Financial Statements have been prepared by separating the historical financial information pertaining to the Properties subject to the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS. On April 27, 2021, our Company filed an application with the Philippine SEC for the approval of the Property-for-Share Swap. Until the approval of the Property-for-Share Swap by the Philippine SEC on August 2, 2021, the financial information of the Properties subject of the Property-for-Share Swap formed part of the financial statements of the Sponsor, and not the financial statements of our Company. PFRS does not provide specific guidance for the preparation of combined carve-out financial statements, the summary financial information below is not necessarily indicative of the results of future operations, and there can be no assurance that our future performance will be consistent with the past financial information presented in the Combined Carve-out Financial Statements. See "Risk Factors—Risks relating to our Operations—The Combined Carve-out Financial Statements prepared for this REIT Plan may not necessarily represent our consolidated financial position, results of operations and cash flows." Prospective investors are advised to review the accounting policies applied in the preparation of the Combined Carve-out Financial Statements.

The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of June 30, 2021 of ₱48.544 = U.S.$1.00.

For further discussion and summary on the differences between the Combined Carve-out Financial Statements and the Summary Pro Forma Financial Information, see "Presentation of Financial Information" beginning on page xiii of this REIT Plan.

STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,					For the six months ended June 30,		
	2017	2018	2019	2020	2020	2020	2021	2021
			₱ millions		U.S.$ million	₱ millions		U.S.$ million
Revenues			(Audited)		(Unaudited)	(Audited)		(Unaudited)
Rental income	1,720.4	2,383.7	2,723.8	2,952.0	60.8	1,478.8	1,580.8	32.6
Income from dues[(1)]	-	-	-	-	-	280.4	295.4	6.1
Income from dues – net[(1)]	355.8	494.9	597.0	624.0	12.9	38.2	29.2	0.6
	2,076.2	2,878.6	3,320.8	3,576.0	73.7	1,797.4	1,905.4	39.3
Other income[(1)]	16.8	11.4	10.6	4.9	0.1	6.0	4.4	0.1
	2,093.0	**2,890.0**	**3,331.4**	**3,580.9**	**73.8**	**1,803.4**	**1,909.8**	**39.4**
Costs and expenses								
Direct operating expenses[(1)]	544.4	738.3	834.6	843.2	17.4	417.6	442.6	9.1
General administrative expenses	137.1	197.1	194.4	225.1	4.6	111.6	114.4	2.4
Interest expense	-	-	9.5	10.2	0.2	5.0	5.4	0.1
	681.5	**935.4**	**1,038.5**	**1,078.5**	**22.2**	**534.2**	**562.4**	**11.6**
Income before income tax	**1,411.5**	**1,954.6**	**2,292.9**	**2,502.4**	**51.6**	**1,269.2**	**1,347.4**	**27.8**
Provision for income tax	**421.9**	**579.4**	**679.9**	**728.3**	**15.0**	**369.3**	**164.3**	**3.4**
Net income	**989.6**	**1,375.2**	**1,613.0**	**1,774.1**	**36.6**	**899.9**	**1,183.1**	**24.4**

Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**989.6**	**1,375.2**	**1,613.0**	**1,774.1**	**36.6**	**899.9**	**1,183.1**	**24.4**

Note: (1) For the six months ended June 30, 2021 and 2020, the Interim Combined Carve-Out Financial Statements adopted the PIC Q&A 2018-12, PFRS 15 (Accounting for CUSA), which resulted in the change in the presentation of CUSA, airconditioning charges and utility dues. See Notes 3 and 4 for the Interim Combined Carve-Out Financial Statements.

STATEMENTS OF FINANCIAL POSITION

	As of December 31,					As of June 30,	
	2017	2018	2019	2020	2020	2021	
	₱ millions				U.S.$ million	₱ millions	U.S.$ million
	(Audited)				(Unaudited)	(Audited)	(unudited)
Current assets							
Cash..	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Receivables..	464.4	759.6	920.3	1,203.2	24.8	1,189.9	24.5
Other current assets	546.5	426.1	53.5	44.9	0.9	38.9	0.8
	1,010.9	1,185.8	973.9	1,248.2	25.7	1,228.9	25.3
Noncurrent assets							
Investment properties	9,312.1	9,879.2	9,525.6	9,020.6	185.8	8,749.3	180.2
Property and equipment...	1.3	2.4	1.9	1.5	0.0	1.2	0.0
Right-of-use assets...	-	-	434.3	412.7	8.5	402.0	8.3
Other noncurrent assets	229.9	98.1	71.9	46.2	1.0	41.6	0.9
	9,543.3	9,979.7	10,033.7	9,481.0	195.3	9,194.1	189.4
Total assets	**10,554.2**	**11,165.5**	**11,007.6**	**10,729.2**	**221.0**	**10,423.0**	**214.7**
Current liabilities							
Accounts payable and accrued expenses................	543.7	552.7	499.6	470.5	9.7	299.5	6.2
Deposits and other current liabilities	140.2	299.8	263.9	237.1	4.9	255.9	5.3
Income tax payable..	212.6	359.8	496.7	584.7	12.0	219.4	4.5
	896.5	1,212.3	1,260.2	1,292.3	26.6	774.8	16.0
Noncurrent liabilities							
Deferred tax liabilities	399.9	507.2	537.5	555.7	11.5	446.3	9.2
Lease liabilities..	-	-	120.7	130.9	2.7	136.3	2.8
Deposits and other noncurrent liabilities	738.1	707.6	846.0	791.5	16.3	782.1	16.1
	1,138.0	1,214.8	1,504.2	1,478.1	30.5	1,364.7	28.1
Total liabilities	**2,034.5**	**2,427.1**	**2,764.4**	**2,770.4**	**57.1**	**2,139.5**	**44.1**
Stockholders' Equity							
Invested equity	8,519.7	8,738.4	8,243.2	7,958.8	163.9	8,283.5	170.6
Total liabilities and total equity	**10,554.2**	**11,165.5**	**11,007.6**	**10,729.2**	**221.0**	**10,423.0**	**214.7**

STATEMENTS OF CASH FLOWS INFORMATION

	For the year ended December 31,					For the six months ended June 30,		
	2017	2018	2019	2020	2020	2020	2021	
	₱ millions				U.S.$ million	₱ millions		U.S.$ million
	(Audited)				(Unaudited)	(Audited)		(Unaudited)
Cash flow from operating activities								
Net cash flows provided by operating activities	1,724.3	2,112.6	2,316.7	2,080.4	42.9	752.4	856.7	17.6
Cash flow from investing activities								
Net cash flows provided by (used in) investing activities....................................	(2,278.0)	(830.7)	(198.3)	(21.8)	(0.5)	(21.3)	1.6	0.0
Cash flow from financing activity								
Contributions (distributions) of invested equity...	553.7	(1,281.8)	(2,118.4)	(2,058.6)	(42.4)	(731.1)	(858.3)	(17.6)
Net increase (decrease) in cash and cash equivalents..	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash at beginning of year........................	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.0**
Cash at end of year..................................	**0.0**	**0.1**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.0**

SUMMARY OF SELECTED OPERATING AND FINANCIAL INFORMATION

Key Financial Figures and Ratios	As of and for the year ended December 31,					As of and for the six months ended June 30,	
	2017	2018	2019	2020	2020	2021	
					U.S.$ (in millions)		U.S.$ (in millions)
Rental Revenues (in ₱ millions)........	1,720.4	2,383.7	2,723.8	2,952.0	60.8	1,580.8	32.6
Income from Dues (in ₱ millions).....	-	-	-	-	-	295.4	6.1
Income from Dues – net (in ₱ millions)...	355.8	494.9	597.0	624.0	12.9	29.2	0.6
Recurring Income (in ₱ millions)(1)...	2,076.2	2,878.6	3,320.8	3,576.0	73.7	1,905.4	39.3
Gross Revenues(2).............................	2,093.0	2,890.0	3,331.4	3,580.9	73.8	1,909.8	39.3
Recurring Income Contribution(1) .	**0.99**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
Current Assets (in ₱ millions)	1,010.9	1,185.8	973.9	1,248.2	25.7	1,228.8	25.3
Current Liabilities (in ₱ millions)......	896.5	1,212.3	1,260.2	1,292.3	26.6	774.8	16.0
Current Ratio(3)	**1.13**	**0.99**	**0.78**	**0.97**	**0.97**	**1.59**	**1.59**
Total Debt (in ₱ millions)................	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Shareholders' Equity (in ₱ millions)..	**8,519.7**	**8,738.4**	**8,243.2**	**7,958.8**	**163.9**	**8,283.5**	**170.6**
Debt to Equity Ratio (4)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Net Income (in ₱ millions)	989.6	1,375.2	1,613.0	1,774.1	36.6	1,183.0	24.4
Return on Equity(5)..........................	**0.13**	**0.16**	**0.19**	**0.22**	**0.22**	**0.14**	**0.14**
Total Assets (in ₱ millions)...............	10,554.2	11,165.5	11,007.6	10,729.2	221.0	10,422.9	214.7
Asset to Equity Ratio(6)	**1.24**	**1.28**	**1.34**	**1.35**	**1.35**	**1.26**	**1.26**

Notes:

(1) Recurring income contribution measures the stability of the Company's income source and is derived by dividing recurring income by gross revenues. Recurring income consists of rental income, income from dues, and income from dues-net.

(2) Gross revenues consist of rental income, income from dues, income from dues-net, and other income.

(3) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures our Company's ability to pay short-term obligations.

(4) Debt to equity ratio is derived by dividing interest-bearing liabilities (short-term debt and long-term debt) by total shareholders' equity. The debt to equity ratio measures the degree of our financial leverage. RLC REIT does not have indebtedness as of December 31, 2020, 2019, 2018 and 2017 and as of June 30, 2021.

(5) Return on equity is derived by dividing net income by average total shareholders' equity.

(6) Asset to equity ratio is derived by dividing total assets by total shareholders' equity. The asset to equity ratio measures our Company's financial leverage and long-term solvency.

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SUMMARY PRO FORMA FINANCIAL INFORMATION

*The following tables present summary pro forma financial information for RLC REIT and has been prepared solely for the inclusion in the REIT Plan. The summary pro forma financial information should be read in conjunction with the audited Combined Carve-out Financial Statements. The unaudited pro forma information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68 ("**Revised SRC Rule 68**").*

The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements occurred as of January 1, 2021 and 2020. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

The pro-forma information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

SGV & Co. has reviewed the pro forma adjustments reflecting the transactions described in the unaudited Pro Forma Financial Statements and the application of those adjustments to the historical amounts in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro forma financial information. The degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of June 30, 2021 of U.S.$1.00 = ₱48.544.

For further discussion and summary on the Summary Pro Forma Financial Information, see "Presentation of Financial Information" beginning on page xiii of this REIT Plan.

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)		(Unaudited)	
	(₱ million)	(US$ million)	(₱ million)	(US$ million)
REVENUES				
Rental income	3,944.5	81.3	1,956.1	40.3
Income from dues	849.7	17.5	401.5	8.3
Income from dues - net	58.3	1.2	29.2	0.6
	4,852.5	100.0	2,386.8	49.2
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES				
Increase in fair value of investment properties	1,491.5	30.7	172.4	3.6
Straight-line adjustment	(238.9)	(4.9)	(37.2)	(0.8)
Lease commissions	(13.6)	(0.3)	(1.5)	0.0
	1,239.0	25.5	133.7	2.8

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)		(Unaudited)	
	(₱ million)	(US$ million)	(₱ million)	(US$ million)
Other income	5.9	0.1	7.0	0.1
	6,097.4	125.6	2,527.5	52.1
COSTS AND EXPENSES				
Direct operating expenses	399.9	8.2	221.7	4.6
General and administrative expenses	452.1	9.3	266.5	5.5
Interest expense	10.0	0.2	4.6	0.1
	862.0	17.7	492.8	10.2
INCOME BEFORE INCOME TAX	5,235.4	107.9	2,034.7	41.9
PROVISION FOR INCOME TAX	1,548.8	31.9	499.6	10.3
NET INCOME	3,686.6	76.0	1,535.1	31.6
TOTAL COMPREHENSIVE INCOME	3,686.6	76.0	1,535.1	31.6

PRO-FORMA STATEMENT OF FINANCIAL POSITION

	As of June 30, 2021	
	(Unaudited)	
	(₱ million)	(US$ million)
ASSETS		
Total Current Assets	995.8	20.5
Total Non-current Assets	59,803.0	1,231.9
Total Assets	60,798.8	1,252.4
LIABILITIES AND EQUITY		
Total Current Liabilities	314.7	6.5
Total Non-current Liabilities	1,311.1	27.0
Total Liabilities	1,625.8	33.5
Total Equity	59,173.1	1,219.0
TOTAL LIABILITIES AND EQUITY	60,798.9	1,252.5

PRO-FORMA STATEMENT OF CASH FLOWS

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)			
	(₱ million)	(U.S.$ million)	(₱ million)	(U.S.$ million)
Net cash provided by operating activities	2,824.8	58.2	1,345.7	27.7
Net cash used in investing activities	(44.2)	(0.9)	(3.2)	(0.1)
Net cash provided by financing activity	18.8	0.4	84.2	1.7
Other proforma adjustments	(2,780.7)	(57.3)	(1,401.3)	(28.9)

RISK FACTORS

An investment in the Offer Shares involves a number of risks. You should carefully consider all the information contained in this REIT Plan, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on our business, prospects, financial condition, results of operations, the market price of the Offer Shares and our ability to make dividend distributions to our shareholders. All or part of an investment in the Offer Shares could be lost. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and 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. Our past performance is not a guide to our future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.

This section does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Investors should undertake independent research and study the trading of securities before commencing any trading activity. You should seek professional advice if you are uncertain of, or have not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Offer Shares. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of an investment in the Offer Shares.

*The means by which we intend to address the risk factors discussed herein are principally presented under "*Business—Strengths and Strategies—Competitive Strengths*" beginning on page 108, "*Business—Strengths and Strategies—Business Strategies*" beginning on page 117, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 70 and "*Board of Directors and Senior Management—Compliance with Corporate Governance Practices*" on page 206 of this REIT Plan. In addition, certain risk factors discussed below provide references to specific sections elsewhere in this REIT Plan describing the means by which our Company plans to address, manage or otherwise mitigate the relevant risk.*

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 OUR BUSINESS

Our Company is exposed to risks inherent in the Philippine property market and the state of the Philippine economy.

Our Company is highly dependent on the performance of the Philippine property market and the state of the Philippine economy because all of our Properties are located in the Philippines. The demand for, and prevailing prices of office leases are directly related to the strength of the Philippine economy and the overall levels of business activity in the Philippines. In particular, the growth of the real estate sector has been mainly driven by the fast-growing IT-BPM sector, which is vulnerable to global economic changes, low interest rates and robust remittances from OFWs. As the fastest growing sector in the Philippine real estate industry, the IT-BPM outsourcing sector drives office space demand, which fuels the performance and profitability of our Properties. The growth of the IT-BPM sector is heavily dependent on the availability of information and communications technology ("**ITC**") hubs across the Philippines, which provide sufficient labor supply and upgraded talent ecosystem, good ITC infrastructure and service capabilities, efficient cost and overall business environment, as a product of sound macroeconomic fundamentals and geopolitical climate in the country.

Many factors contribute to fluctuations in the Philippine property market including the general demand and supply of properties which may cause asset price bubbles (i.e. when there is a gross imbalance between the supply and demand in the property market causing unusual increase in asset prices followed by a drastic drop in prices when the bubble bursts), increases and decreases in interest rates, inflationary pressures, Government-related real estate policies and other factors beyond our control. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may have an adverse effect on the outlook on the Philippine property market and lead to an adverse change in the

Philippines' macroeconomic situation generally, which could materially and adversely affect our results of operations. Thus, we are directly affected by the risks that affect the Philippine property market as a whole. We cannot foresee when the disruptions of business activities caused by the outbreak of COVID-19 will cease. Any decline in the value of land or real estate in the Philippines may lead to a downward revaluation of our Properties and a decrease in our rental rates.

Considerable economic and political uncertainties currently exist in the Philippines that could have adverse effects on consumer spending habits, construction costs, availability of labor and materials and other factors affecting our business. Significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced if changes in the Philippine property market or the Philippine economy cause a decrease in revenues from our properties. Because all of the Properties are located in the Philippines and because our Company does not currently expect to invest in real estate outside of the Philippines, reduced levels of economic growth, adverse changes in the country's political or security situation, and weaker performance of the country's property development market generally could materially adversely affect our business, prospects, results of operations and financial condition.

See "*Business—Strengths and Strategies*" beginning on page 108 and "*Business—Investment Policy*" on page 121.

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020. On January 30, 2020, the World Health Organization ("**WHO**") declared the COVID-19 outbreak a Public Health Emergency of International Concern, and subsequently, a pandemic on March 11, 2020. In response to the pandemic, on March 12, 2020, the Philippine government placed Metro Manila under "community quarantine" starting on March 15, 2020, which, among others, restricted traveling through land, domestic air, and domestic sea from Metro Manila. On the second day of the implementation of the said community quarantine, the Philippine government declared a Luzon-wide "enhanced community quarantine" ("**ECQ**") to arrest the continuing effect of the disease. The enhanced community quarantine mandated the temporary closure of all public and private offices, non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except for diplomats and uniformed workers (carrying medical supplies), among others. In line with this, private establishments providing basic necessities, essential services and such other activities related to food and medicine were allowed to continue operations. On April 7, 2020, the Philippine government extended the ECQ period until April 30, 2020, which was further extended to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("**MECQ**"), general community quarantine, ("**GCQ**") or modified GCQ ("**MGCQ**") was implemented. The graduated lockdown schemes from ECQ, MECQ and GCQ, and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. On April 11, 2021, the Government announced that Metro Manila and certain neighboring provinces would shift to MECQ starting April 12, 2021 until April 30, 2021, which was extended through May 15, 2021; thereafter, the community quarantine measures in Metro Manila and certain neighboring provinces were eased to GCQ, with heightened restrictions. The Government subsequently implemented ECQ in Metro Manila from August 6, 2021 to August 20, 2021, which may be extended by the Government depending on its assessment of the situation.

Amid COVID-19 and in compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The Properties, however, continued operations because these are occupied by tenants providing essential services, such as BPOs, which were permitted to continue operations under the Government's community quarantine guidelines. There were no rental abatements granted to our tenants during this period and our tenants have continued to pay their rentals. Nevertheless, there is no assurance that tenants will not request for rental abatement, forebearance or other changes to their lease terms in view of the ongoing pandemic, which if agreed, could adversely affect our financial condition and results of operations and ability to make distributions at the desired levels. In respect of our tenants in the Retail sector (comprising less than 2% of our tenant mix for the six months ended June 30, 2021), certain concessions have been provided such as discounts on rental considering that these businesses have been unable to resume full operations since the commencement of the various quarantine measures.

In terms of the impact to our tenants, we believe that our tenants comprises a mix of diverse and reputable businesses and industry leaders. Most of these companies continued to operate in some capacity during the various community quarantine measures and all buildings have remain opened and operational in the course of the pandemic. In addition, for those tenants in the IT-BPM industry, we believe that work-from-home arrangements may not be as productive as on-site operations due to, among others, poor internet connectivity, data privacy restrictions and limitations in allowing PEZA companies to take out equipment off-site. We have implemented various measures and protocols to ensure the safety of our tenants, employees and other visitors to our Properties. See "*Business and Properties—Recent Developments—Measures to Mitigate the Spread of COVID-19.*"

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We cannot assure you that conditions in the bank lending, capital and other financial markets will not deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately decrease occupancy levels and pricing across our Portfolio. Our tenants may experience deteriorating financial conditions resulting in their inability to pay rent on a timely basis and renew long-term lease contracts. For spaces that become vacant, inquiries on available space may be limited and fit-out of new spaces are restricted while lockdowns are imposed by the government. We may also incur additional expenses and our operating costs may increase due to intensified sanitation, disinfection, access monitoring and control points, and other similar protocols.

The extent of the COVID-19 pandemic impact will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted.

See "*Business—Recent Developments Relating to the COVID-19 Pandemic*" beginning on page 124.

Significant competition in the markets in which we operate could adversely affect our business.

Our Company operates in the commercial real estate industry, which is highly competitive. Our future growth and development is dependent, in large part, on the availability of large tracts of office and commercial assets suitable for acquisition, development or lease. As we and our competitors compete for such assets, it may become more difficult to find suitable properties in locations and at prices acceptable to us, particularly in Metro Manila, CBDs and other key urban areas. To the extent that we are unable to grow our portfolio at acceptable prices, our growth prospects could be limited and our business and results of operations could be adversely affected.

A number of other office and commercial center developers and real estate services companies, some with greater financial and other resources than us, compete with our Company in various aspects. Competition from other real estate developers and real estate services companies may adversely affect our ability to grow our portfolio, or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office spaces.

The income from, and market value of, the Properties will be largely dependent on the ability of the Properties to compete against other commercial properties in the area in attracting and retaining tenants. Important factors that affect the ability of retail office properties to attract or retain tenants include the quality of the building's existing tenants, the quality of the building's property manager, and the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients. Attracting and retaining tenants often involves re-fitting, repairing, or making improvements to mechanical, electrical, and technical systems and outward appearance.

The age, construction quality, and design of a particular property may affect the occupancy level as well as the rent that may be charged. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property. Even well-built or well-designed properties will deteriorate or become obsolete over time if the property manager does not schedule and perform adequate maintenance and building upgrades in a timely fashion.

If competing properties of a similar type are built in areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value of and Gross Revenue generated by the Properties could be reduced.

See "*Business—Strengths and Strategies*" beginning on page 108 and "*Business—Investment Policy*" on page 121.

Market changes in demand for new types of office space may reduce the appeal of our Properties to potential tenants.

Our Properties cater primarily to the IT-BPM sector and the Traditional Office sector. Majority of our Properties are currently designed with traditional office space or to suit the specific requirements of a BPO tenant.

Recent trends in the Philippine commercial leasing market, however, indicate that many corporate consumers desire non-traditional office space, such as co-working spaces. Tenants that desire these types of co-working space also typically seek short-term lease terms. There is no guarantee that we will be able to keep pace with such changes in the commercial leasing market and offer office space and rental terms that are desirable for such businesses. There is also no guarantee that our current tenants will not also prefer different types of office space and rental arrangements. If our pool of potential tenants is significantly reduced or if a large number of tenants do not renew their leases as a result of such trends, the Rental Income generated by our Properties could be adversely affected, which could adversely affect our financial condition and results of operations and ability to make distributions at the desired levels.

See "*Business—Strengths and Strategies*" beginning on page 108, "*Business—Investment Policy*" on page 121, and "*Business—Green Initiatives*" on page 131.

The valuation reports on the Properties are based on various assumptions and may not be indicative of the actual realizable value and are subject to change.

The appraised values of our Properties are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by an independent valuer, Santos Knight Frank ("**SKF**" or the "**Valuer**"). The Valuation Reports were prepared for the registration statement and the listing application to be submitted to the Philippine SEC and the PSE, in connection with the initial public offering of RLC REIT. The Valuation Reports are based on historical and projected assumptions brought about by the Valuer's research and as provided by our Company. These assumptions were analyzed by the Valuer to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the market value of the Properties, SKF used the income approach, specifically the discounted cash flow ("**DCF**") analysis since this method is usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant Property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. Alternative valuation methodologies were also used, as applicable, such as (i) direct capitalization method, an income approach, which uses direct capitalization rate as proxy for investor return assumptions, and (ii) cost approach which considers the cost to reproduce or replace the property appraised with new assets of like kind. For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex C (*Independent Property Valuation Reports*) elsewhere in this REIT Plan.

The valuation is an estimate and not a guarantee, and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. The assumptions made and conclusions derived may turn out to be inaccurate, which may affect the valuation of the Properties. Further, the Valuer has followed the DCF analysis to arrive at the valuation. There is no assurance that other methodologies would not have led to different valuations. Further, in the event that the Valuer does not continue to value the Portfolio subsequent to the listing of RLC REIT, and a new valuer is appointed by RLC REIT for the purpose of the ongoing valuation of the Portfolio, there can be no assurance that the methodology, assumptions and valuation will not be different from the valuation arrived at by SKF in the Valuation Reports. Moreover, in light of the unprecedented circumstances brought about by the COVID-19 pandemic, the Valuer has reported the valuation on the basis of "material valuation uncertainty" per International Valuation Standards 103. As such, the Valuation Reports should be approached with a higher degree of caution given the unknown future impact of the COVID-19 pandemic on the real estate market. As a result of these assumptions, the appraised values of our Properties may differ materially from the price we could receive in an actual lease or sale of the Properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to our Properties, as well as national and local economic conditions, may affect their value. In particular, the valuation of our properties could stagnate or even decrease if the market for comparable properties in the Philippines experiences a downturn whether as a result of Government policies directed to the property sector or changing market conditions due to the ongoing COVID-19 pandemic or otherwise.

The Valuation Reports do not purport to contain all the information that may be necessary or desirable to fully evaluate our Company or the Portfolio or an investment in the Shares. The Valuation Reports do not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to our financial condition or future performance or as to any other forward looking statements included therein, including those relating to macro-economic factors, by or on behalf of our Company, the Sponsor, the Fund Manager, the Property Managers, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter or the Local Underwriters. The Valuation Reports have not been updated since the date of their issue, and do not consider any subsequent developments and should not be considered as a recommendation by our Company, the Sponsor, the Fund Manager, the Property Managers, the Joint Global Coordinators, Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter or the Local Underwriters or any other party, that any person should take any action based on such valuation. Accordingly, investors should not rely on the Valuation Reports in making an investment decision to purchase Shares.

See the independent property valuations reports attached to this REIT Plan as Annex C (*Independent Property Valuation Reports*).

Our Fund Manager and Property Manager are wholly-owned subsidiaries of the Sponsor. There may be potential conflicts of interest between our Company, our Fund Manager, our Property Manager as well as direct competition between our Company and our Sponsor.

Our Sponsor, its Subsidiaries, and Affiliates are engaged in the investment in, and the development and management of, properties, including office and commercial assets, in the Philippines. Each of our Fund Manager and Property Manager is a wholly-owned Subsidiary of our Sponsor. The compensation of our officers is paid by our Sponsor. As a result, the strategy and activities of our Company may be influenced by the overall interests of our Sponsor, our Fund Manager, our Property Manager, or all of them. See "*Certain Agreements relating to our Company and the Properties*." Moreover, our Sponsor may in the future, sponsor, manage or invest in other REITs or other vehicles which may also compete directly with RLC REIT or compete with RLC REIT in its acquisition of assets. There can be no assurance that conflicts of interest will not arise between our Company and the Sponsor. For example, if the Sponsor decides to undertake a commercial property development project, the property may upon completion compete with the Properties. Such competition could lead to lower occupancy levels, lower rental rates, or both for the Properties and could adversely affect distributions to our Shareholders. There can be no assurance that the interests of our Company will not conflict with, or be subordinated to, those of our Sponsor in such circumstances.

In addition, while our Company's investment plan allows the acquisition of assets from third parties, our Fund Manager may give preference and/or recommend that our Company acquire other assets from our Sponsor or parties related to our Sponsor in the future. In such cases, our Fund Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions under the REIT Law. Pursuant to the Company's investment strategy, such property will (i) be a commercial real estate asset, leased primarily for office purposes; (ii) strategically be located in a major CBD or key city or urban area in the Philippines; and (iii) target to contribute the Portfolio's diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, to secure stable occupancy and income operations. See "*Business and Properties—Investment Policy*." There can be no assurance that our Fund Manager or our Property Manager or a potential future fund manager or property manager related to our Sponsor will not favor properties that our Sponsor has retained in its own property portfolio over those owned by third parties when providing such services to us. The Company is open to acquiring properties from third parties based on the opportunities that may be presented to it. As of the date of this REIT Plan, it is currently the intention of the Sponsor for RLC REIT to serve as the exclusive REIT entity of the Sponsor and its related parties.

See "*The Fund Manager and the Property Manager —Our Fund Manager—Conflict of Interest*" on page 182; —*Our Property of Manager—Conflict of Interest*" on page 188."

Our Company may face risks associated with debt financing and capital raising activities.

As of the date of this REIT Plan, our Company has no outstanding borrowings relating to the Properties. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*." In the future, however, our Company may require debt financing or undertake other capital raising activities to achieve our Fund Manager's asset enhancement strategies. Our Company may be subject to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to pay distributions at expected levels and meet required payments of principal and interest under such financing. Our Company may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, our Company may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect operations and the ability to make distributions to Shareholders. Such covenants may restrict our ability to acquire properties or require us to set aside funds for maintenance or the paying back of security deposits.

In addition, the real estate industry is capital intensive and from time to time, we may require significant amounts of capital for purposes such as acquisitions or redevelopment. Since the amount of borrowings that we can incur to finance acquisitions is limited by the REIT Law, such future acquisitions or redevelopment may be dependent on our Company's ability to raise equity capital. This may result in a dilution of investors shareholdings. Potential investors may also view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital.

If principal payments due at maturity cannot be refinanced, extended, or paid with proceeds of other capital transactions such as new equity capital, we may not be able to pay distributions at expected levels or to repay all maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect our cash flow and the amount of distributions we could make to our Shareholders. In addition, if there is a breach of a material term of our debt facilities with banks or financial institutions, our Company may not be able to make any distribution to our Shareholders without the prior written consent of the lenders.

Moreover and pursuant to the REIT Law, the Properties may be mortgaged to secure payment of indebtedness. If we take advantage of this allowance and are unable to meet interest or principal payments in respect of such indebtedness, the Properties or any of them could be foreclosed by or otherwise transferred to our creditor, or our creditor could require a forced sale of a Property with a consequent loss of income and asset value to our Company.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources* on page 85; *—Quantitative and Qualitative Disclosure of Market Risk*" on page 89.

Our Fund Manager and our Property Manager are newly incorporated entities and do not have an established track record and operating history.

Our Fund Manager was incorporated on May 28, 2021 and as such, has had no operating history relating to the management of REITs, although the Sponsor has significant experience in corporate finance matters and many of the directors and officers of the Fund Manager have extensive experience working in the real estate industry. See "*The Fund Manager and the Property Manager—The Fund Manager—Directors and Executive Officers of the Fund Manager*" on page 182. There can be no assurance that our Company, under the direction of the Fund Manager, will be able to generate sufficient revenue from operations to make distributions at expected levels to Shareholders.

Our Property Manager was incorporated by the Sponsor on April 12, 2021 and has had no operations and property management experience by which its past performance may be evaluated. Our Sponsor, however, has significant experience in property management, and many of the directors and officers of our Property Manager have gained valuable property management experience working with the RLC Group. See "*The Fund Manager and the Property Manager—The Property Manager—Directors and Officers of the Property Manager*" on page 188. As a recently established entity, there will be no operating history that could guide investors in assessing the likely future performance of our Property Manager, and in turn, our Company's likely future performance.

Our Fund Manager may not implement our Company's investment policies or successfully implement our Company strategy.

Certain aspects of our Company's activities, including investments and acquisitions, will be determined by our Fund Manager in accordance with this REIT Plan and our investment strategy. See "*Business and Properties—Investment Policy*." While our Fund Manager intends to focus on investments in office and commercial real estate assets in the Philippines, the Fund Management Agreement gives our Fund Manager broad discretion to invest in other types of assets, including any real estate, real estate-related assets, bonds and other evidence of indebtedness, and other listed and unlisted securities in the Philippines and other jurisdictions, subject to compliance with the requirements on allowable investments of a REIT under the REIT Law.

In addition, there is no assurance that the Fund Manager will be able to successfully implement and execute our Company's investment strategy or that it will be able to expand our portfolio at any specified rate or to any specified size. The Fund Manager may not be able to make acquisitions or investments on favorable terms or within a desired time frame. Our Company's strategy to invest in commercial assets is also dependent on our ability to appropriately fund such investments. We may rely on external sources of funding to expand our portfolio, which may not be available on favorable terms or at all or may otherwise be subject to limitations on indebtedness imposed by the REIT Law. Even if we are able to successfully complete additional property investments, there can be no assurance that we will achieve the intended return on investments.

In order to grow our portfolio, our Company together with the Fund Manager will seek and evaluate opportunities to acquire or lease other office and commercial assets. We may face competition from property development companies, other REIT companies and private investment funds in acquiring suitable and attractive properties which meet our financial and strategic investment criteria. There is no assurance that our Company will be able to compete effectively against such entities or that we will be able to successfully acquire properties or other investments.

Moreover, there are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves, as well as risks and uncertainties in the compliance by our Company and our Fund Manager of the requirements of the REIT Law. These risks include, for example, the risk that the costs of undertaking an acquisition or renovation project may exceed original estimates, possibly making the project uneconomical or the risk that occupancy levels and rents of a completed project will not be sufficient to make the project profitable. In case of an unsuccessful project, our Company's loss could exceed its investment in the project. There is no assurance that such acquisitions will achieve the intended return on such acquisitions or investments.

See "*Business—Strengths and Strategies*" beginning on page 108, "*Business—Investment Policy*" on page 121.

Our Company faces litigation risks and regulatory disputes in the course of our business.

In the ordinary course of our business, claims and disputes involving the Fund Manager, the Property Manager, lessees, tenants, business partners, and regulatory authorities may be brought against us and by us in connection with our contracts or business. Claims may be brought against us for breach of contract, law, or regulation, as well as claims relating to taxes, among others. If found to be liable, we would have to incur a charge against earnings to the extent a reserve had not been established for the matter in our accounts, or to the extent the claims were not sufficiently covered by our insurance. We may also engage in disputes with regulatory authorities, including the Bureau of Internal Revenue (the "**BIR**"), on tax-related matters in connection with our business and operations.

As a policy, we seek to maintain good relationships with our Fund Manager, our Property Manager, lessees, tenants, regulators and other parties whom we regularly deal with and to resolve disputes early and amicably, when appropriate, both claims brought against us and by us to manage this concern. If not resolved through negotiation, we could be subject to lengthy and expensive litigation or arbitration proceedings such that the amounts ultimately realized from claims by us could differ from the balances included in our financial statements. Such claims could therefore have an adverse impact on our business, financial condition and results of operations. As of the date of this REIT Plan, our Company is not involved in any material litigation, nor, to our Company's knowledge, is any material litigation currently threatened against it. Our business and operations are dependent upon the expertise and experience of the Fund Manager's and Property Manager's managers and employees and certain services provided by RLC Group.

The Company's operations as a REIT company will be dependent on the expertise and experience of the Fund Manager's and the Property Manager's directors, senior management, and other key employees for the success of the business. We are also dependent on certain services provided by the Sponsor and RLC Group generally, including but not limited to, IT systems and support. The employees of the Property Manager will be responsible for supervising, managing, leasing, operating, and maintaining the Properties in our Portfolio pursuant to the terms of the Property Management Agreement. The employees of the Fund Manager will be responsible for implementing our Company's investment strategies and managing our assets. In addition, our Company relies on our relationship and affiliation with the Sponsor and the RLC Group. Any negative publicity, regulatory or litigation matters affecting any member of the RLC Group, or any of their respective directors and officers, over which our Company has no control, may adversely affect our reputation and could adversely affect our business, such as a loss of tenants who may cease further dealings with our Company if they decide to cease any association with the RLC Group generally.

The directors, senior management and key employees of the Property Manager and Fund Manager possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience. See "*Board of Directors and Senior Management*," "*The Fund Manager and the Property Manager—The Fund Manager—Directors and Officers*" and "*The Fund Manager and the Property Manager—The Property Manager—Directors and Officers*." If one or more of these directors or members of senior management are unable or unwilling to continue in their present positions, the Fund Manager or the Property Manager may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, our business, results of operations, and future prospects.

We are party to a number of related party transactions.

In the ordinary course of our business, we enter into transactions with related parties. In particular, such related parties include members of the RLC Group such as RLC and JG Summit, among others. These agreements and our other related party transactions are described in greater detail under "*Related Party Transactions*" in this REIT Plan and the notes to our financial statements appearing elsewhere in this REIT Plan. Such interdependence may mean that any material adverse changes in the operations or financial condition of related parties could adversely affect our results of operations.

We expect that we will continue to enter into transactions with related parties. These transactions may involve potential conflicts of interest which could be detrimental to us or our Shareholders. Under the REIT Law, any related party transaction of our Company must comply with certain minimum requirements which include (a) full, fair, timely, and accurate disclosures to the PSE and SEC of the identity of the parties, their relationship with our Company, and other important terms and conditions of the transaction; (b) fair and reasonable terms, including the contract price; (c) approval by at least a majority of the entire membership of our Board, including the unanimous vote of all Independent Directors of our Company; (d) approval by the Related Party Transactions Committee, including the unanimous vote of all Independent Directors who are members of the committee; (e) compliance with SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations issued by the Philippine SEC; (f) a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and (g) any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in our Company.

Furthermore, under Section 50 of the National Internal Revenue Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business.

On January 23, 2013, the BIR issued Revenue Regulation No. 2-2013 on Transfer Pricing Guidelines (the "**Transfer Pricing Guidelines**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises.

The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis.

On July 8, 2020, the BIR issued Revenue Regulation No. 19-2020 on the New BIR Form No. 1709 – Information Return on Transactions with Related Party to ensure that proper disclosures of related party transactions are made and that these transactions have been conducted at arm's length so as to protect the tax base, there should be an effective implementation of Philippine Accounting Standards (PAS) 24, Related Party Disclosures, for tax purposes. This Revenue Regulation requires the submission of BIR Form No. 1709 and its supporting documents following the guidelines prescribed by the related revenue issuances for the submission of the required attachments to the Annual Income Tax Returns.

Our Company has a number of related party transactions that have been entered into on an arm's length basis, including the transactions with RLC as contemplated under the REIT Formation Transactions and executed or otherwise expects to enter into the following documents in connection therewith: a Comprehensive Deed of Assignment, land and building lease agreements between RLC and RLC REIT, and assignment of tenant contracts by RLC to RLC REIT. However, we have no assurance if the BIR will view these transactions as arm's length on the basis of the Transfer Pricing Guidelines. Related party transactions are subject to review and approval by the appropriate body, as determined by the Board, consistent with the policy contained in our Manual. See "*Board of Directors and Senior Management—Board Committees*" and "*Related Party Transactions*."

We can provide no assurance, however, that our level of related party transactions, if questioned, will not have an adverse effect on our business or results of operations.

RISKS RELATING TO OUR OPERATIONS

We have no prior operating history as a REIT and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operation and cash flows.

Upon compliance with the REIT Law, RLC REIT will operate as a real estate investment trust. We have acquired the Properties in the Portfolio pursuant to the REIT Formation Transactions. Prior to our designation as a REIT entity, our Company has not engaged in any business activities or operations and does not have an operating history as a REIT by which our performance may be judged. Accordingly, there is no assurance that we will be able to achieve our investment objectives. For further details on our historical financial information, see our Company's historical audited financial statements elsewhere in this REIT Plan.

In addition, the Combined Carve-Out Financial Statements have been prepared by separating the historical financial information pertaining to the Assigned Properties subject to the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS. On April 27, 2021, our Company filed an application with the Philippine SEC for the approval of the Property-for-Share Swap. Until the approval of the Property-for-Share Swap by the Philippine SEC on August 2, 2021, the financial information of the Properties subject of the Property-for-Share Swap formed part of the financial statements of the Sponsor, and not the financial statements of our Company. PFRS does not provide specific guidance for the preparation of combined carve-out financial statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Combined Carve-out Financial Statements. In addition, the Cybergate Center Buildings do not form part of the Property-for-Share Swap and the Cybergate Building Leases are effective upon the approval by the Philippine SEC of the Property-for-Share Swap. As such, the historical information in respect of these two buildings are excluded from the Combined Carve-out Financial Statements.

The Combined Carve-out Financial Statements included in this REIT Plan have been prepared so as to present the financial position, results of operations and cash flows of the Assigned Properties on a combined historical basis for the years ended December 31, 2017, 2018, 2019 and 2020 and for the six months ended June 30, 2021, and do not necessarily represent our consolidated financial position, results of operations and cash flows had the Assigned Properties been acquired as of such dates. There can be no assurance that our future performance will be consistent with the past financial performance included elsewhere in this REIT Plan.

For further details, "*Selected Financial Information"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations*." See also "*—Risks Relating to the Presentation of Information in this REIT Plan— The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show RLC REIT's financial position or be indicative of future results.*"

A substantial portion of our revenues are derived from a limited number of key tenants in the IT-BPM sector. Any conditions that impact these tenants or the IT-BPM sector may adversely affect our business, financial condition and results of operations.

Our Revenues are derived from certain key tenants in the IT-BPM sector as follows:

- Tenant Concentration: As of June 30, 2021, the Top 10 Tenants of the Properties (which exclude our affiliates) occupied 45.0% of leased GLA, and contributed 40.8% of Pro Forma Rental Income for the six months ended June 30, 2021. Of our Top 10 Tenants (which exclude our affiliates), each of Accenture, Concentrix and Hinduja Global Solutions occupied more than 5% of total Portfolio GLA for the same period.

- Sector Concentration: As of June 30, 2020, tenants in the IT-BPM sector occupied 68.9% of leased GLA and contributed 65.6% of total Pro Forma Revenues for the six months ended June 30, 2021. In addition nine of our Top 10 Tenants (which exclude our affiliates) are from the IT-BPM sector as of June 30, 2021.

We expect that in the future a limited number of key tenants from the IT-BPM sector will continue to comprise a large percentage of our Revenues. Accordingly, our financial condition, results of operations and ability to make distributions may be materially and adversely affected by the downturn in the businesses of one or more of these tenants, non-renewal or early termination of leases for any reason (including in cases where these is a misunderstanding, dispute or other conflict with between the tenant and lessor), economic and other factors that could lead to a downturn in the IT-BPM sector. In addition, the downsizing of local operations for international IT-BPM companies and multinational corporations or a prolonged downturn in demand for IT-BPM services may affect the businesses of the tenants, occupancy levels, the tenants' ability to comply with the terms of their leases, and the terms achievable on lease renewals and new leases across our Portfolio. Moreover, the ongoing COVID-19 pandemic could result in our tenants taking actions to mitigate its impact, such as early termination of leases, downsizing or non-renewal of leases, particularly with the increase in work-from-home arrangements. The value of our Company's investments and the distributions on the Shares may be affected negatively by any of these events. If we are unable to diversify our tenant base, in or diversify or expand into sectors, we may experience material fluctuations or decline in our revenue, which may adversely affect our financial condition and results of operations.

See "*Business—Strengths and Strategies*" beginning on page 108, "*Business—Investment Policy*" page 121.

Our Company is exposed to general risks relating to ownership and operation of office and commercial real estate.

As part of our Company's operations, we are subject to the risks relating to ownership and operation of office and commercial real estate. Factors such as the national and international economic climate, trends in the retail industry, the quality and strategy of management, competition for tenants, changes in market rental rates, the inability to collect rent due to bankruptcy of tenants or otherwise, the need to periodically renovate, repair, and re-let space, and the costs thereof, the ability of our Property Manager to provide adequate maintenance and insurance, increased operating costs, and changes in laws and governmental regulations in relation to real estate could impact the performance of the Properties.

The performance of the Properties may also be adversely affected by the following factors:

- vacancies following expiry or termination of leases that lead to reduced occupancy levels, which in turn reduces Rental Income and the ability to recover certain operating costs such as service charges;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rent payment, or which could hinder or delay the sale of a property, or inability to collect rentals at all or the termination of the tenant's lease;

- tenants failing to comply with the terms of their leases or commitments to lease;
- annual rental escalation rates may fall below inflation rates in the future;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favorable than current leases;
- the oversupply of, or reduced demand for, space;
- downturns in the sales of products or services which particular tenants offer; and
- changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in the management expenses or unforeseen capital expenditure to ensure compliance.

Rights relating to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards laws or the city planning laws, or the enactment of new laws relating to condemnation and redevelopment.

See "*Business—Strengths and Strategies*" beginning on page 108, "*Business—Investment Policy*"; *and Properties—Marketing, Leasing and Maintenance Activities—Lease Management*" on page 121.

Delays or defaults in payment from our lessees and building tenants may affect our revenues.

Under the general terms of our lease agreements, our lessees and tenants are generally obligated to pay an advance rental deposit equivalent to one to three months' rental and an additional security deposit, typically equivalent to three months' rental upfront and the regular lease payments are typically due in advance at the beginning of each month. As income from our leases is fundamental to our operations, we rely to a great extent on the timely and full payment of rent from such parties. In particular, a significant portion of our current income from rentals is dependent on our 10 largest tenants (in terms of total GLA across the portfolio and excluding our affiliates, our "**Top 10 Tenants**"). As of June 30, 2021, our Top 10 Tenants occupied 45.0% of our leased GLA and contributed 40.8% of Pro Forma Rental Income for the six months ended June 30, 2021.

From time to time, there may be instances of delays in rental payments arising in the ordinary course of business, which under the terms of our standard lease terms are subject to interest and penalties ranging from three percent to five percent (3% to 5%). While our Company and our predecessors-in-interest have not experienced any material defaults from the Properties' tenants on their rental payments in the last three years, there is no assurance that in the future, our lessees will not default on their payments, will pay their rent on time, or will not become insolvent or bankrupt in the future. The occurrence of any of the foregoing could negatively impact our income from rentals, which may adversely affect our business, financial condition, and results of operations. Moreover, any such delays or defaults may negatively impact our cash flows from operating activities, which may adversely affect our ability to distribute dividends as required by the REIT Law. See "*Business and Properties—Marketing, Leasing and Maintenance Activities—Lease Management.*"

Tenant leases across our Portfolio are subject to the risk of non-renewal, non-replacement or early termination. Further, vacant properties could be difficult to lease and most of the Properties' leases are for periods of between three and five years and, which may expose such Properties to high rates of lease expiries in the future.

Leases with tenants across our Portfolio may expire and may not be renewed. For details of key terms of lease agreements see "*Business and Properties—Marketing, Leasing and Maintenance Activities—Lease Agreements and Rental Rates*." Our Property Manager may face delays in finding suitable tenants, which could also have an adverse impact on our revenues. Further, the rental rates of the Properties depend upon various factors, including but not limited to prevailing supply and demand conditions and we cannot assure you that the demand for our Properties will grow, or will remain stable, in the future. There is no assurance that the Property Manager will be able to procure new leases or renew existing leases at prevailing market rates. Our Committed Occupancy Rate calculation includes committed lease arrangements (made by way of legally binding lease agreements or non-binding letters of intent) with potential tenants and any changes to or delays in the execution or non-execution of the final lease agreements may result in lower than expected occupancy rates, and in turn may adversely affect our business, cash flows and results of operations. If vacancies continue for a longer period of time than we expect or indefinitely, we may suffer reduced revenues, which may have a material adverse effect on our financial performance.

In addition, most of the lease agreements for the Properties are for tenancy periods between three and five years, which may expose the Properties to high rates of lease expiries. See "*Business and Properties—Marketing,* *Leasing and Maintenance Activities—Lease Management*" for details on contract renewals in the last three years. The concentration of leases with three to five-year terms may expose our Company to certain risks in the future, including the risk that vacancies following renewal of leases may lead to reduced occupancy levels which will in turn reduce our Company's revenues. If a large number of tenants do not renew their leases in a year with a high rate of lease expiries, such would have a material adverse effect on the relevant Property and could affect our Company's total revenues.

Damage to, or other potential losses involving, our assets and business may not be covered by insurance.

The Properties could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. Our Company maintains comprehensive insurance policies against catastrophic perils including but not limited to typhoon, fire, flood and earthquake to cover projects against loss from property damage, third party liability and business interruption based on declared values for each project and location and on probable maximum loss scenarios. However, there can be no assurance that our Company will be adequately compensated for all damages and economic losses resulting from such natural or other catastrophes. Our Company endeavors to mitigate this risk by keeping our properties and business in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character. We maintain insurance coverage in amounts that we believe are consistent with our risk of loss and industry practice. Nevertheless, there are certain types of risks for which insurance has not been obtained as these are not customary in the industry, including for losses resulting from war, acts of terrorism and related activities. Furthermore, tenants are prohibited from using the leased premises in any manner which will cause our Company's insurance policies to be rendered void and voidable, or whereby the premium due thereon may be increased.

Nonetheless, the scope of insurance coverage that we or our tenants can obtain, or our or their ability to obtain such coverage at commercially reasonable rates, may be limited. As such, certain types of losses, generally of an unforeseen or catastrophic nature, such as natural disasters, terrorist acts, the outbreak of infectious disease, or any resulting losses causing disruptions to our business operations, may be uninsurable, or the required insurance premiums may be too expensive to justify obtaining insurance. If we suffer any uninsured losses, damages, or liabilities in the course of our business operations, we may not have sufficient funds to cover any such losses, damages, or liabilities. Accordingly, we could lose some or all of the capital we have invested in our Properties, as well as the anticipated future revenue from the affected Property. To the extent that we suffer losses or damages as a result of a risk for which we do not maintain insurance, or which is not covered by our insurance policies, or where the cost of the losses or damages exceeds our insurance coverage, we will have to bear such costs, which could have a material adverse effect on our business, financial results of operations and condition. See "*Business—Insurance*."

Our Company may be unable to maintain sufficient operating cash for maintenance and other similar costs, and our operating cash may be insufficient to cover necessary costs.

Over the course of the useful life of the Properties, our Property Manager will maintain the Properties. Our Company endeavors to keep the Properties in good working order, subject to high commercial standards and acceptable to both our current and prospective tenants. Accordingly, our Company may from time to time need to expend funds to complete routine maintenance, including maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades, as well as extraordinary maintenance, in the event of damage from weather disturbances such as typhoons, earthquake, or floods or from other unforeseen events.

Our Company has, in the past, and expects to, in the future, fund such necessary maintenance with cash. We anticipate capex maintenance to be approximately 1.5% of our Rental Income annually, to fund routine and extraordinary maintenance activities, which will be funded directly from the operating cash. This amount is based on our experience of the capital expenditures required to fund reasonable maintenance and refurbishment of the Properties' facilities and equipment. However, there can be no guarantee that we will be able to maintain operating cash at the desired level or that our operating cash will be sufficient to cover maintenance and other similar costs in the event of an extraordinary occurrence. Insufficient operating cash may have an adverse effect on our business, financial condition, and results of operations.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources* on page 85; —*Quantitative and Qualitative Disclosure of Market Risk*" on page 89.

The Properties might be adversely affected if they require major maintenance and our Property Manager does not provide adequate maintenance services for the Properties.

Our Properties may, in the future, require substantial maintenance and upkeep or upgrades and refurbishment to keep current tenants and attract new tenants. Such maintenance may include maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades. Under the Property Management Agreement, the Property Manager is fully responsible for the formulation and implementation of policies and programs in respect of building management, maintenance, and improvement of the Properties for and on behalf of the Company. Therefore, if our Property Manager, or any other person appointed by our Property Manager to assist with managing the Properties fails to provide adequate maintenance services for the Properties, the value of the Properties might be adversely affected and may also result in a loss of tenants, thereby adversely affecting the ability of our Company to make distributions regularly or at expected levels. In addition, if the Property Management Agreement is terminated and our Company is unable to obtain property management services from an alternative service provider in a timely manner or on competitive terms, our Company could face a substantial disruption in on-going or planned maintenance operations.

In the event that our Property Manager is unable to provide the necessary services, our business, financial condition and results of operations could be adversely affected.

Our Company may be adversely affected by the illiquidity of real estate investments.

Real estate investments, particularly investments in high value properties such as commercial buildings, are relatively illiquid. Such illiquidity may affect our Company's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, or other conditions. This could have an adverse effect on our Company's financial condition and results of operations, with a consequential adverse effect on our ability to make expected distributions to Shareholders.

Properties held by our Company may be subject to an increase in operating and other expenses.

Our Company's ability to make distributions to Shareholders could be adversely affected if operating and other expenses increase without a corresponding increase in revenues or tenant reimbursements of operating and other costs. Factors which could increase operating and other costs include:

- increases in the rate of inflation;
- increases in payroll expenses and energy costs;
- increases in property taxes and other statutory charges;
- changes in statutory laws, regulations or government policy which increase the cost of compliance with such laws, regulations or policies;
- increases in sub-contracted service costs;
- increases in insurance premiums; and
- defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

Our Company's operations are covered by certain tax exemptions and incentives, the loss of which could increase our tax liability and decrease any net income in the future.

Some of the Properties transferred to the Company from the Sponsor as a result of the REIT Formation Transactions benefit from certain tax incentives because of their PEZA registration. In particular, there is a 5% special tax on gross income enjoyed by the following properties: Cybergate Naga, Cyberpark Delta, Luisita 1 and Robinsons Cybergate 2 and Robinsons Cybergate 3. These Properties will continue to enjoy the tax incentives once the written consent of PEZA is secured for the transfer of the PEZA Registration Agreements from the Sponsor to the Company. The Sponsor and the Company have coordinated with PEZA and will be submitting applications for the Company to take over the PEZA registration under the name of the Sponsor with the same terms and conditions under the existing PEZA registration agreements for the properties covered. Upon listing, it is expected that our Company shall be entitled to the tax incentives provided by the REIT Law, which may supersede tax incentives granted under other special laws such as the incentives granted by PEZA. While it is possible that the incentives granted under the PEZA law may be superseded by the REIT Law, locator companies/tenants/lessees will still enjoy the same incentives, status quo. Fiscal incentives include 5% gross income tax and VAT zero-rating on purchases.

Under the Assignment and Transfer provisions of the PEZA Registration Agreements, "any sale, transfer, assignment, or lease of area within the IT Center may only be made in favor of entities who are registered or entitled to be registered with PEZA and who in fact subsequently register pursuant to the provisions of RA 7916 or the Special Economic Zone Act. Moreover, any encumbrance or transfer of any right under the PEZA Registration Agreement shall be with the prior written consent of PEZA. Any all rights or interests accruing to third parties in violation of the foregoing provision shall not be binding against PEZA."

There is no assurance that the Sponsor can secure PEZA's consent prior to the transfer of its rights under the Registration Agreement. In addition, even if the PEZA Registration Agreements are successfully transferred to the Company, there can be no assurance that they will not be revoked or repealed in the future.

If the Assignment and Transfer provisions of the PEZA Registration Agreements are not complied with or if the Company's tax exemptions or incentives related to PEZA-registered assets are revoked or repealed, the Company's income from these sources will be subject to the corporate income tax rate, which is currently fixed at a rate of 25% of net taxable income based on the Republic Act No. 11534, the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE Law**"). This will result in an increase in tax expense, reducing profitability and adversely affecting net income.

For those Properties benefiting from the 5% special tax on gross income, a change in the tax rate to the corporate income tax rate may make the currently competitive and sometimes lower rental rates unsustainable requiring an increase in rental rates. Any such increase in rental rates may adversely affect our competitiveness in those areas where the PEZA-registered Properties are located.

In BIR Revenue Regulations No. 9-2021 ("**BIR No. RR 9-2021**"), which took effect on June 27, 2021, the BIR imposed a 12% VAT on certain transactions that were previously taxed at 0% VAT. Subsequently, BIR RR No. 15-2021 was issued on July 21, 2021 deferring the implementation of BIR RR No. 9-2021. In the event that BIR RR No. 9-2021 is implemented, the zero-rating of sales of goods or properties and services rendered to persons or to entities exempt under special laws, such as PEZA-registered entities, would be removed. See "*—The implementation of tax reforms may have a negative effect on BPO companies*" below.

There is no assurance that our Company will be able to sustain preferential tax rates for its Properties or obtain similar tax incentives for future projects, which in turn could adversely affect our business and results of operations.

The loss of the PEZA-accreditation of some of our Company's Properties or other similar benefits could result in the loss of tenants.

The Properties of the Company are all PEZA-accredited buildings that offer competitive amenities and technology to our Company's lessees. PEZA-registered IT-BPM and BPO companies that lease office space from our Company enjoy the benefit of the 5% special tax on gross income (which is imposed in lieu of all national and local taxes (except real property taxes on machineries). Any substantial changes to these benefits, including the loss or revocation of the Properties' PEZA-accreditation or the implementation of any tax reforms that would result in the loss of the 5% special tax on gross income enjoyed by certain PEZA-registered entities, could increase such company's tax liability and decrease its net income, which may also impact their ability to make their rental payments or to continue to locate at our Properties. Our tenants may find the Properties less desirable and may decide not to continue to lease the Properties. Similarly, potential tenants may decide not to lease at all. If, as a result, a substantial number of potential tenants decide not to lease or if key tenants decide not to renew their leases, our Company's financial condition and results of operations and ability to make distributions may be adversely affected.

Our Company may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew these upon expiration.

Our Company is required to maintain business licenses, permits and other authorizations for its operations and for the operations of its properties. These licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. In addition and as a result of the REIT Formation Transactions, there are certain licenses and permits that were issued to our Sponsor and that will need to be transferred from the name of our Sponsor to the name of RLC REIT, which are expected to be transferred in the ordinary course of business and in accordance with the applicable permitting cycle of the relevant issuing authority. See "*Permits and Licenses*" on page 218. If our Company is unable to timely arrange for the transfer of such licenses and permits or otherwise fails to meet the terms and conditions of any of these licenses, permits or other authorizations, our operations or the operations of the relevant property may be suspended or terminated, leading to temporary or potentially permanent closure or other adverse consequences. In addition, there can be no assurance that the Company will continue to be able to obtain, transfer or otherwise renew the necessary licenses, permits and other authorizations for its properties as necessary, or that such licenses, permits and other authorizations will not be revoked, or that we will not become subject to any administrative action or other legal proceeding on account of not having obtained, transferred or renewed such approvals, licenses and permits as may be required.

If our Company is unable to obtain, transfer or renew these licenses or permits or are only able to do so on unfavorable terms, our Company's business, financial condition and results of operations may be adversely affected.

Our Company does not own the land on which certain Properties are situated.

Out of the 14 Portfolio Properties, 10 are situated on lands subject to land lease agreements with our Sponsor and the Bases Conversion Development Authority (the "**BCDA**"), a government agency charged with the development and conversion of former military reservations, among others.

In particular, there are nine Properties for which our Company is leasing the underlying land from our Sponsor, effective upon the approval of the Property-for-Share Swap, while the 10th Property, Cyber Sigma, is subject to a lease agreement with BCDA.

Under the land lease contracts between our Sponsor and the Company for nine of the Properties, the leases have terms of 98 and 99 years, unless earlier terminated according to the provisions of the long-term lease contract. See "*Certain Agreements relating to Our Company and the Properties*." Since the Company is not the owner of the lands on which the Properties are located, there is also a risk that the lands could be sold or assigned to a third party by the landowner. However, the Land Leases confer on RLC REIT as the lessee a right of first refusal over the subject property in the event that the Sponsor as lessor decides to sell, transfer or otherwise dispose of the subject property. Moreover, under the terms of the Land Leases, if our Company does not exercise its right of first refusal over the subject property and the lessor sells, assigns or otherwise disposes of the subject property to a third party, such third party shall be bound by the terms and conditions of the relevant Land Lease agreement.

Pursuant to the Property-for-Share Swap, the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to Cyber Sigma by the Sponsor to RLC REIT includes the assignment by RLC of its rights, interests and obligations as a lessee under the 25-year operating lease agreement with BCDA. The lease is for a 25-year period, having commenced on August 14, 2014 (pursuant to a lease between Altus Property Ventures, Inc., which then assigned the lease to the Sponsor). The BCDA lease expires on March 6, 2040. Furthermore, the lease with BCDA provides for an option to purchase in favor of the Sponsor, exercisable in the 24th year of the initial 25-year lease period. If the option to purchase is not exercised, all buildings and permanent improvements/facility that the Sponsor introduced shall automatically become the properties of the BCDA upon the expiration of the original term of the contract of lease. The contract of lease shall not be considered tacitly renewed despite the Sponsor's continuous possession of the property for any period of time after the expiration of the term of the contract of lease. As such, the Sponsor must inform the BCDA of its intention to renew the lease or exercise its option to purchase not earlier than three years or later than one year prior to the contract's expiration. In the event that the Sponsor exercises its option to renew its lease over the property, the new lease rate shall cover the land as well as the building and improvements transferred to the BCDA.

In the event of the termination or cancellation of any of the land leases, the Sponsor shall purchase the existing building owned by our Company in the leased premises and our Company must immediately vacate the leased premises and deliver to the respective owners full and vacant possession of the same. See "*Certain Agreements Relating to our Company and the Properties—Agreements for the Lease of Land*."

Any substantial changes to the land lease agreements or our Sponsor's ownership or right over the leased land, as well as cancellation or termination of the lease, may adversely affect our Company's financial condition and results of operations and ability to make distributions.

Our Company leases two of the buildings comprising the Portfolio.

Our Company entered into lease agreements with the Sponsor for each of the Cybergate Center 2 building and the Cybergate Center 3 building as part of the REIT Formation Transactions. The long-term leases over the buildings are for a period of 98 and 99 years respectively. As such, the aggregate Appraised Value of our Portfolio includes the appraised values of the Cybergate Center Buildings.

Since the Company does not own the Cybergate Center Buildings, there is also a risk that the owner, the Sponsor, will sell or assign its rights over these buildings to a third party. However, the Cybergate Center Leases confer on RLC REIT as the lessee a right of first refusal over the subject property in the event that the Sponsor as lessor decides to sell, transfer or otherwise dispose of the subject property. Moreover, under the terms of the Cybergate Center Leases, if our Company does not exercise its right of first refusal over the subject property and the lessor sells, assigns or otherwise disposes of the subject property to a third party, such third party shall be bound by the terms and conditions of the relevant Cybergate Center Lease agreement. Nevertheless, upon the termination of the lease over the buildings, our Company must immediately vacate the leased premises and deliver to Sponsor the full and vacant possession of the same. See "*Certain Agreements Relating to our Company and the Properties—Agreements for the Lease of Buildings*."

If there are any substantial changes to the building lease agreements or our Sponsor's ownership of the leased buildings, as well as cancellation or termination of such lease agreements, our Company's financial condition and results of operations and ability to make distributions may be adversely affected.

The implementation of tax reforms may have a negative effect on BPO companies.

On December 17, 2017, President Rodrigo Duterte signed into law Republic Act No. 10963 (the "**TRAIN Law**") and was implemented beginning January 1, 2018. The TRAIN Law, which contains the first package of the tax reforms, increased the excise tax on fuel and other petroleum products, the capital gains tax, and the stock transaction tax on sale of shares, among others. This was followed by the CREATE Law, the second package of the tax reforms, which was signed into law on March 26, 2021. The CREATE Law reforms corporate income tax rates and certain tax incentives such as income tax holidays currently being enjoyed by entities such as those registered with the PEZA. The CREATE Law repeals several provisions of the Omnibus Investments Code, as amended, the PEZA Law, as amended, and the various statutes creating the special economic zones, such as the Clark and Subic economic zones. The CREATE Law provides the following sunset provisions for corporations registered with these investment promotion agencies:

(a) Those enjoying the income tax holiday ("**ITH**") are allowed to continue the available incentive for the remaining period of the ITH as specified in the terms of their registration;

(b) Those granted ITH but have not yet availed of the incentive may use the ITH for the period as specified in the terms of their registration;

(c) Those granted ITH and are entitled to the 5% tax on gross income earned may be allowed to avail of the 5% tax provided the 5% tax shall be allowed only for 10 years; and

(d) Those availing of the 5% tax on gross income earned shall be allowed to continue to avail of the incentive for 10 years.

Therefore, BPO companies, which may be PEZA-registered information technology enterprises, will lose the benefit of the 5% special tax on gross income (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after 10 years and will instead be subjected to the corporate income tax rate of regular corporations.

Moreover, the BIR has recently issued BIR RR No. 9-2021, which imposes the collection of twelve percent (12%) VAT on transactions which were previously taxed at zero percent (0%), which include, among others, the sale of services and use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code of 1997, as follows:

- Processing, manufacturing or repacking foods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP; and

- Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of the total annual production.

BIR RR No. 9-2021 implements the imposition of 12% VAT on certain transactions previously taxed at the zero percent (0%) VAT rate after satisfaction of the conditions set forth in the TRAIN Law. Based on this issuance, suppliers shall now impose a twelve percent (12%) VAT on their sale of goods or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that BIR RR No. 9-2021 is contrary to the provisions of the CREATE Law, as well as the separate customs territory principle provided under R.A. No. 7916 or the PEZA Law and certain Philippine jurisprudence. The PEZA has requested the Department of Finance ("**DOF**") and the BIR for the deferment of the implementation of BIR RR No. 9-2021. On July 21, 2021, BIR RR No. 15-2021 was issued deferring the implementation of BIR RR No. 9-2021 until the issuance of amendatory revenue regulations. .

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of BPO companies that may wish to conduct, expand or continue their business operations in the Philippines, which may adversely affect the demand for office building space. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

RISKS RELATING TO THE PHILIPPINES

We closely monitor and adopt the necessary financial, operational and other controls and policies within the context of the prevailing business, economic, and political environment in the Philippines to address risks relating to the Philippines.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect our Company's business.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso depreciated from approximately ₱29.00 to US$1.00 in July 1997 to ₱56.18 to US$1.00 by December 2004. As of December 31, 2018, the Philippine Peso was at ₱52.72 per U.S.$1.00 and appreciated to ₱48.04 per U.S.$1.00 as of December 31, 2020, based on BSP data. As of July 28, 2021, the BSP reference rate was U.S.$1.00=₱50.338.

In addition, fluctuations in the exchange rate between the Philippine Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Shares listed on the PSE. Such fluctuations will also affect the amount of foreign currency received from any sale of the Offer Shares, and the conversion of cash dividends or other distributions paid by the Company in Pesos.

Political instability in the Philippines could destabilize the country and may have a negative effect on our Company's business.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration.

In June 2016, the Philippines elected a new chief executive, President Rodrigo Duterte. Since he assumed office, President Duterte's administration has demonstrated commitment in implementing fiscal, monetary and trade policies that are consistent with the pursuit of rapid, broad-based economic growth. Among others, the administration is embarking on progressive tax reform and an ambitious infrastructure development agenda. However, perceptions over human rights and geopolitical issues may affect the overall sentiment on the Philippines and the business environment. The 8-point agenda of the President Duterte administration has not been fully implemented, the focus being more oriented towards "war against drugs and corruption" in the country.

In May 2019, the Philippine legislative and local elections were held. Majority of the senatorial candidates endorsed by the administration won the 2019 elections. The senators elected in the 2019 elections joined the senators elected in the 2016 elections. There were allegations of fraud and voter disenfranchisement in the conduct of the 2019 elections.

The next national elections will be held in May 2022.

No assurance can be given that the political environment in the Philippines will remain stable. Any major deviation from the previously established policies or a fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any such instability could materially and adversely affect our Company's business, financial conditions, results of operations, and prospects, reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect our business operations, which could adversely affect our results of operations and financial condition.

Unforeseen shifts in the Philippine economy could have a negative effect on our Company's business and the credit ratings of the Philippines may restrict the access to capital of Philippine companies, including for our Company.

All of our business operations are presently conducted in the Philippines and our revenues are entirely sourced from the Philippines. As such, our business, financial condition, and results of operations are subject to a significant degree to the general state of the Philippine economy. Over the years, the Philippines has experienced periods of slow or negative growth, high inflation, unforeseen devaluation of the Philippine currency, imposition of exchange controls, debt restructuring, and significant rise in oil prices.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. As of January 2021, this outlook has been reaffirmed by Fitch.

There is no assurance that Fitch, S&P, Moody's or any other international credit rating agency will not in the future, downgrade the credit ratings of the Philippines, which will affect Philippine companies including our Company. Any such downgrade could have an adverse impact on the liquidity of the Philippine financial market, the ability of the Government and Philippine companies to raise additional financing, and the interest rates and other commercial terms at which such additional financing will be made available. Additionally, there can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Unforeseen economic shifts could lead to economic downturns, which may have an adverse effect on our business or our results of operations.

Acts of terrorism in the Philippines could lead to possible destabilization of the country which could adversely affect our business, financial condition and results of operation.

The Philippines experienced a number of terrorist attacks since 2000. The Philippine military has been in conflict with the communist New People's Army, the Muslim separatist rebels and the Abu Sayyaf terrorist group, which is reported to have links with the Al-Qaeda terrorist network and which has been identified as being responsible for a number of kidnapping and terrorist activities in certain cities in the southern part of the Philippines.

The Armed Forces of the Philippines ("**AFP**") has clashed with members of several separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front ("**MILF**"), the Moro National Liberation Front ("**MNLF**") and the New People's Army. These continued conflicts between the government and separatist groups could lead to further injuries or deaths by civilians and members of the AFP, which could destabilize parts of the country and adversely affect the country's economy.

No assurance can be given that the country will not be subject to further acts of terrorism in the future. The possibility of terrorist activities could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on our business, financial condition and results of operations.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition, and results of operations.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines. In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus. In September 2019, the Department of Health confirmed that Polio re-emerged in the Philippines, nineteen years after the country was declared polio-free by the World Health Organization ("**WHO**") in 2000. In March 2020, the WHO declared the COVID-19 outbreak a pandemic. See "*—The ongoing -19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.*" Further, while vaccines have been developed and are in the course of being deployed globally, there remains a risk that the vaccines will not be effective against variants of COVID-19 that have emerged in recent months. There are also uncertainties surrounding the pace of vaccinations. Additional resurgences of COVID-19 cases and new variants may lead to further lockdowns and other restrictive measures which could adversely affect our Company's business, financial condition and result of operations.

If an outbreak of bird flu, polio, COVID-19, or any other disease or public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect our Company's business, financial condition and results of operations.

The proposed amendment of the Constitution, advocated by the Duterte Administration, has caused, and may continue to cause, political unrest which could adversely affect the Company's financial condition, results of operations, and cash flows.

Despite constitutional reform being a divisive issue in the Philippines, the Duterte Administration has considered it a legislative priority to amend the Philippine Constitution primarily to change the form of Philippine government from a unitary one to a federal one ("**Charter Change**"). The shift to a federal form of government was among President Duterte's key promises during his election campaign in 2016. President Duterte believes that the shift would promote peace most especially in conflict-torn Mindanao, curb poverty nationwide, and empower local government units in the Philippines.

The House of Representatives has already taken the initial steps toward the establishment of a Philippine federal structure of government. On January 16, 2018, the House of Representatives passed Joint Resolution No. 9, proposing that both the Senate and the House of Representatives transform into a *Constitutional Assembly* with the authority to amend the Constitution. On January 17, 2018, the subcommittee on constitutional amendments of the House of Representatives presented its proposed amendments to political provisions of the current Constitution, including the establishment of a *Federal Republic* divided into five states: Luzon, Metro Manila, Visayas, Bangsamoro, and Mindanao. Each state, under the said proposal, would have a unicameral state assembly with legislative powers and a premiere with executive powers. The subcommittee likewise proposed to establish a parliament with a 300-member Federal Assembly as national legislative department and a Senate as the regional legislative body. Meanwhile, the president would remain as head of state under the proposal and would have a term of five years with one re-election, whereas a prime minister would be constituted as the head of the Philippine government, and would be elected by members of the Philippine parliament.

With respect to proposed amendments to economic provisions of the current Constitution, the House of Representatives subcommittee also proposed to delete certain provisions in the current Constitution providing foreign nationality restrictions, particularly in the following areas: exploitation, development and utilization of natural resources, ownership of alienable lands, franchise on public utilities, practice of profession, ownership of educational institutions, mass media, and advertising. Business groups in the Philippines believe that such amendments will enable the Government to achieve its goal of sustainable and inclusive economic growth, and that an increase in foreign investments would create more job opportunities for Filipinos.

The then Speaker of the House of Representatives Speaker Pantaleon Alvarez has posited that the House of Representatives alone may proceed to amend the Constitution even without the concurrence of the Senate, but senators insist that the lower house of Congress must wait for Senate concurrence to formally begin proposing amendments to the Constitution. The impasse between the two chambers has resulted to a crisis of government administration, causing conflicts among different political groups. In addition, while President Duterte has stated that he wishes to step down from office at the end of his six-year term in 2022, critics believe that Charter Change would pave the way for Duterte to perpetuate his political power and begin an authoritarian regime over the archipelago.

On May 13, 2019, the Philippines held its national elections for 12 seats in the Senate, all the seats in the House of Representatives, and numerous positions in local governments. There can be no assurance that the elected officials will continue to implement the economic, development, and regulatory policies of their predecessors, including those policies that may have an effect on the Company's assets and operations.

Due to the Company's business being subject to extensive regulation from the Government and dependence on economic stability, the potential for instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations, and prospects.

Natural or other catastrophes, including severe weather conditions, may adversely affect our business, materially disrupt our operations and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. Significant calamities that hit the country were Typhoon Ondoy in 2009, Typhoon Yolanda in 2013, the Bohol and Cebu Earthquake in 2013, and the Cotabato and Batangas Earthquakes in 2019. On January 12, 2020, the Taal Volcano erupted causing ash falls and earthquakes in Southern Luzon, some parts of Central Luzon and Pangasinan in Ilocos Region, including Metro Manila. The Philippine Institute of Volcanology and Seismology ("**PHIVOLCS**") issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights. On January 26, 2020, PHIVOLCS downgraded the classification to Alert Level 3, which means a decreased tendency towards hazardous eruption. The danger zone was likewise reduced from a 14-kilometer radius from the volcano's main crater, to a 7-kilometer radius. On February 14, 2020, PHIVOLCS further downgraded the classification to Alert Level 2, which means that there was a decreased unrest of the Taal Volcano given the less frequent volcanic earthquake activity, stabilizing ground deformation and weak steam and gas emissions at the main crater.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt our businesses, financial condition and results of operations. These factors, which are not within our Company's control, and could potentially have significant effects on the Company's Properties, many of which are large, complex buildings that are susceptible to structural damage and failure.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings.

In July 2016, the UNCLOS tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that China's claim over the same area is invalid. Despite the decision, the Chinese Government has maintained its position that the Tribunal has no jurisdiction over the dispute, and thus, the decision is not binding on the Chinese Government.

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defied a diplomatic protest and demand for the vessels to leave the area, issued by Philippine Defense Secretary Delfin Lorenzana.

Newly elected President Joe Biden has manifested that the United States would not be easing up its military operations in the West Philippine Sea. Southeast Asian nations and claimants involved in West Philippine Sea dispute also continue to enforce their sovereign rights against China as well as other Southeast Asian nations.

Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, this may lead both countries to impose trade restrictions on the other's imports. The Philippines' interests in fishing, trade and offshore drilling, the volume of trade between the Philippines and China, and the supply of steel available to the Philippines may be adversely affected, which in turn may affect, among other things, real estate and infrastructure development and general economic and business conditions in the Philippines.

Investors may face difficulties enforcing judgments against our Company.

Our Company is organized under the laws of the Republic of the Philippines and our Company's assets are located in the Philippines. As a result, it may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce judgments against the Company outside of the Philippines in any actions pertaining to the Shares. In addition, substantially all of the Directors and officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons or enforce against such persons judgments obtained in courts or arbitral tribunals outside of the Philippines predicated upon the laws of jurisdictions other than in the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*. Nevertheless, the Philippine *Rules of Civil Procedure* provide that a judgment or final order of a foreign court obtained against our Company is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the party against whom the enforcement is sought did not receive notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact. In addition, Article 17 of the Civil Code of the Philippines provides that the judgment must not be contrary to laws that have for their object public order, public policy and good customs in the Philippines. Philippine courts have held that a foreign judgment is presumed to be valid and binding in the country from which it issues, until the contrary is shown, and the party contesting the foreign judgment has the burden of overcoming the presumption of its validity. Furthermore, on March 4, 2020, the Philippines has acceded to the Hague Service Convention on the service abroad of judicial and extrajudicial documents in civil and commercial matters, which provides transnational investors with methods of service of documents abroad and guarantees that services will be brought to the notice of the investor in sufficient time. The Hague Service Convention entered into force in the Philippines on October 1, 2020.

The Philippine real estate industry is subject to extensive regulation from the Government, including local governmental authorities.

The Philippine real estate industry is subject to extensive government regulation. Our Company is also subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of and exposure to hazardous materials. See "*Regulatory and Environmental Matters*." We must comply with the various requirements of the Government, including local governmental authorities in the areas in which our Properties are located, and the regulations of the Philippine Competition Commission. The Government influences the property sector by imposing industry policies and economic measures, including those that affect the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development, and foreign investment. Property laws and regulations, including relevant judicial decisions, are at times ambiguous and may be subject to inconsistent and contradictory interpretations. Further, such laws and regulations are constantly evolving and therefore consistent interpretations of such regulations are difficult to anticipate. New laws and regulations or modifications may also be passed, which would impose more stringent and complex requirements on us, thereby adversely affecting our business, financial condition, and results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current environmental laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. In addition, we cannot predict what environmental, health, safety or other legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. See "*Regulatory and Environmental Matters*." The introduction or inconsistent application of or changes in laws and regulations applicable to our business could have a material adverse effect on our business, financial condition and results of operations. In addition, delays or other possible complications in obtaining the required regulatory and environmental permits could have a material adverse effect on our business, financial condition and results of operations.

On August 8, 2015, Republic Act No. 10667, otherwise known as the Philippine Competition Act (the "**PCA**") became effective. The PCA prohibits and penalizes anti-competitive agreements and abuse of dominance. It likewise provides for mandatory notification for mergers and acquisitions meeting the set thresholds under the PCA and its Implementing Rules and Regulations. We expect that we will enter into transactions, mergers or acquisitions with our Sponsor and its Affiliates, which may meet the notification threshold under the PCA and its Implementing Rules and Regulations. The mandatory process of notification may delay the consummation of our Company's transactions. Notably, however, the Bayanihan to Recover as One Act (the "**Bayanihan 2 Act**") exempts mergers or acquisitions with transaction values below ₱50,000,000,000 from mandatory review for a period of two years from the effectivity of the Bayanihan 2 Act. Such transactions are likewise exempt from the Philippine Competition Commission (the "**PCC**")'s motu proprio review for a period of one year from the effectivity of the Bayanihan 2 Act.

RISKS RELATING TO THE OFFER AND THE OFFER SHARES

There has been no prior market for the Shares so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

There has been no prior trading in the Shares and 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. Further, only two REIT companies have so far been listed on the PSE, and being listed recently on August 13, 2020 and March 24, 2021, respectively, such REIT companies have had a limited trading track record.

The Offer Price has been determined after taking into consideration a number of factors including, but not limited to, the Company's prospects, the market prices for shares of companies engaged in related businesses similar to that of the Company's business and prevailing market conditions. The price at which the Shares will trade on the PSE at any point in time after the Offer will depend on many factors, including but not limited to:

- Perceived prospects of our Company's business and investments and the Philippines market for office and commercial assets;
- differences between our Company's actual financial and operating results and that expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our Company's assets;

- the perceived attractiveness of the Shares against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Shares;
- the size and liquidity of the Philippine REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Philippine REITs;
- the ability on the Fund Manager's part to successfully implement its investment and growth strategies;
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

The Shares may be traded at a price that is significantly different from the Offer Price. The Shares are not capital-safe products, and there is no guarantee that investors can regain any investment losses in connection with their investments.

The actual performance of our Company and the Properties could differ materially from the forward-looking statements and forward-looking financial information in this REIT Plan.

This REIT Plan contains forward-looking statements and forward-looking financial information regarding, among others, forecast and projected dividend yields for Forecast Year 2021 and Projection Year 2022. These forward-looking statements and forward-looking financial information are based on a number of assumptions which are subject to uncertainties and contingencies that are outside of our and our Fund Manager's control (see "*Forward-Looking Statement*" and "*Profit Forecast and Profit Projection – Assumptions.*"

In addition, the commissioned industry report prepared by JLL on the office real estate markets in the Philippines, for inclusion in this REIT Plan, reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is not necessary indicative of future economic and market conditions that would apply to our Company.

Our revenue and profit is dependent on a number of factors, including the receipt of rental income from the Properties. This may adversely affect our ability to achieve the forecast and projected dividends as events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not anticipated. No assurance is given that the assumptions will be realised and the actual dividends will be as forecasted and projected in the section entitled "*Profit Forecast and Profit Projection*" of this REIT Plan.

Property yield on real estate held by our Company is not equivalent to distribution yield on the Shares.

Generally, property yield depends on Net Operating Income and is calculated as the Gross Revenue less costs and expenses of the Properties and any other property our Company may acquire. The dividend yield on our Shares, however, depends on the dividends payable on our Shares, after taking into account other expenses including but not limited to (i) taxes, (ii) the fees of our Fund Manager and Property Manager and (iii) other operating costs including administrative fees, as compared with the purchase price of our Shares paid by investors.

Our Company may not be able to make distributions and the level of distributions may fall.

The Net Operating Income earned from real estate investments depends, among other factors, on the amount of Rental Income received, and the level of property, operating, and other expenses incurred. If properties owned by our Company do not generate sufficient Net Operating Income, our income, cash flow, and ability to make distributions will be adversely affected. No assurance can be given as to our Company's ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that we will continue to be able to negotiate contractual increases in rent under the leases of the Properties, that the increases in rent will not be lower than the inflation rate, or that the receipt of rental revenue in connection with expansion of the Properties or future acquisitions of properties will increase our Company's cash available for distribution to shareholders.

Our Company faces risks associated with compliance with the requirements to pay out its Distributable Income to Shareholders.

We are required by the REIT Law to distribute annually a total of at least 90% of our Distributable Income as dividends to its Shareholders. If the required pay out from our Company's Distributable Income is greater than our cash flow from operations, we may have to borrow in order to comply with the REIT Law. Should there be any change in tax law or policy which results in certain expenses of our Company ceasing to be adjustable, the impact may be to cause our Company's required pay out from the Distributable Income to exceed our cash flow from operations. If our Company fails to distribute dividends as required under the REIT Law, our Company may be subject to increased tax liability and potential tax penalties. The failure to cure such a breach within 30 days from the time of the occurrence of the event will subject our Company to income tax on our taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of our taxable net income as defined in the REIT Law. As such, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. See "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs.*"

In addition, a violation of the REIT Law may obligate our Company to pay a fine or cause the imprisonment of the officers of our Company. Under the REIT Law, a fine of not less than ₱200,000 nor more than ₱5 million or imprisonment of not less than six years and one day nor more than 21 years, or both at the discretion of the court, shall be imposed upon any person, association, partnership or corporation, its officer, employee or agent, who acting alone or in connivance with others, violates any of the provisions of the REIT Law. If the offender is a corporation, partnership or association or other juridical entity, the penalty may, at the discretion of the court, be imposed upon such juridical entity and/or upon the officer or officers of the corporation, partnership, association or entity responsible for the violation, and if such officer is an alien, he shall in addition to the penalties prescribed, be deported without further proceedings after service of sentence. Such prosecution and conviction of the offender under the REIT Law and the imposition of the above penalties shall be without prejudice to the administrative, civil and criminal liabilities of the offender under the SRC.

Shareholders may bear the effects of tax adjustments on income distributed in prior periods.

Distributions will be based on our Company's Distributable Income. The taxable net income of our Company as initially computed for purposes of determining the amount to be distributed to Shareholders (the "**initial taxable net income**") may, however, be different from the taxable net income as may be determined by the BIR (the "**adjusted taxable net income**"). The difference between the initial taxable net income and the adjusted taxable net income will be added to or subtracted from, as applicable, the taxable income available for distribution in subsequent periods to the Shareholders. Similarly, if our Company distributes gains on the sale of properties held by our Company and such gains are subsequently assessed for unpaid taxes, the Distributable Income for subsequent periods will be reduced for such unpaid taxes and the Shareholders in such subsequent distribution periods may receive reduced dividends. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*" and "*Taxation.*"

We cannot assure you that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about September 3, 2021 and the Listing Date is expected to be on or about September 14, 2021. We cannot assure you that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders might not be able to trade the Offer Shares. This may adversely affect the value of the Offer Shares.

The market price of the Shares may be volatile, which could cause the value of investors' investments in the Shares to decline.

The market price of our Shares may be affected by multiple factors, including:

- domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Shares;
- volatility in stock market prices and volume;
- fluctuations in our revenue, cash flow, and earnings;
- general market, political, and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;

- changes in market valuations of listed stocks in general and other stocks in similar industries;
- the market value of our assets;
- changes to government policies, legislation, or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this REIT Plan could adversely affect the market price of our Shares. An increase in market interest rates may have an adverse impact on the market price of the Shares if the annual yield on the price paid for the Shares gives investors a lower return as compared to other investments.

In part as a result of recent global economic downturns, the global equity markets have historically experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these could adversely affect the market price of our Shares.

Future sales of Shares in the public market may adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of our business and operations, we will consider the funding options available to our Company 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 other than on a pro rata basis to existing Shareholders, the percentage ownership of existing Shareholders may be reduced, Shareholders may experience subsequent dilution or such new securities may have rights, preferences, and privileges senior to those of the Offer Shares. Furthermore, the market price of the Shares may 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. Sale of new securities could be made at a discount to the prevailing market price and/or net asset value of existing Shares, which may cause downward pressure on the market price of the Shares. Such development could also adversely affect the prevailing market price of the Shares or our ability to raise capital in the future on favorable terms.

Our Shares are subject to Philippine foreign ownership limitations.

According to the REIT Law, if a REIT owns land located in the Philippines, it must comply with foreign ownership limitations imposed under Philippine law. In connection with the ownership of private land, Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the 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.

As of the date of this REIT Plan, the Company has interests in land. As such, we must ensure that at least 60% of our outstanding capital stock is owned by Philippine Nationals in order for us to comply with the restrictions on foreign ownership of private land. We will be unable to allow the issuance or transfer of our Shares to persons other than Philippine Nationals, and cannot record transfers in our books, if such issuance or transfer would result in our Company ceasing to be a Philippine National for purposes of complying with the applicable nationality requirements. In addition, to the extent our foreign ownership at that time we acquire land exceeds 40% of our outstanding capital stock, we may be required to divest foreign ownership to comply with the foreign ownership restrictions. See "*Regulatory and Environmental Matters – Nationality Restriction*."

The Offer Shares may not be a suitable investment for all investors.

Each potential investor in the Offer Shares must determine the suitability of that investment in light of his or her own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of our Company and its business, the merits and risks of investing in the Offer Shares, and the information contained in this REIT Plan;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on their overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency;

- understand and be familiar with the behavior of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate, and other factors that may affect its investment and its ability to bear the applicable risks.

Investors may incur immediate and substantial dilution as a result of purchasing Offer Shares.

The issue price of the Offer Shares may be substantially higher than the net tangible book value per Share of the outstanding Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and our existing Shareholders may experience a material increase in the net tangible book value per share of the Shares they own. See "*Dilution.*"

RISKS RELATING TO THE PRESENTATION OF INFORMATION IN THIS REIT PLAN

Certain information contained herein is derived from unofficial publications.

Certain information in this REIT Plan relating to the Philippines, the industry in which we compete, and the market in which we operate, including statistics relating to market size, is derived from various Government and private publications. This REIT Plan also contains industry information prepared from available public sources and independent market research conducted by JLL to provide an overview of the real estate industry and office real estate markets in which we operate. The information contained in that section might not be consistent with other information regarding the Philippine real estate industry. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by us, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter, nor any of their respective Affiliates or advisers, and might not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. In particular, the section entitled "*Industry*" in this REIT Plan does not present the opinions of our Company, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter and the Local Underwriters or any of their respective Affiliates.

The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results.

This REIT Plan includes unaudited pro forma financial information as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and the year ended December 31, 2020 to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements occurred as of January 1, 2021 and 2020. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS. The pro forma results of operations and financial position of the Company included herein are necessarily based on certain assumptions, and such information is not necessarily indicative of the operating results or financial position that would have been achieved had these transactions been completed prior to such periods, nor is it indicative of future results of operations or financial position, and should not be relied upon as being so indicative. See also "*—Risks Relating to Our Operations— We have no prior operating history as a REIT and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions. Further, the Combined Carve-out Financial Statements were prepared for this REIT Plan and may not necessarily represent our consolidated financial position, results of operation and cash flows*."

The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. Our Company intends to change its accounting policy for investment properties to the fair value model and as a result, the historical financial information included in this REIT Plan may not be comparable to our Company's financial information post-adoption of the fair value model. The fair value model of accounting for investment properties, should there be no losses from fair value changes, is expected to be beneficial to the investors because under the the fair value method of accounting, certain non-cash expenses such as depreciation are not recognized. As such, there is no "trapped cash", which would eventually reduce retained earnings, and instead, the non-recognition of these expenses could result in a greater amount of Distributable Income, allowing the Company to declare higher dividends. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Fair Value Accounting for Investment Properties*" for more details on the impact of the change in accounting policy to the Company's financial statements.

USE OF PROCEEDS

The Selling Shareholder will receive all of the proceeds from the sale of the Offer Shares in the Offer. Our Company will not receive any proceeds from the Offer, as the Offer comprises secondary offers of existing Shares by the Sponsor. Taxes and issue management, underwriting and selling fees and certain other fees and expenses pertaining to the Offer will be paid by the Selling Shareholder.

The Selling Shareholder estimates that the net proceeds from the Offer of the Firm Shares after deducting expenses, will be approximately ₱20,895.60 million, and that the net proceeds from the Offer assuming full exercise of the Overallotment Option after deducting expenses, will be approximately ₱22,819.20 million, estimated as follows:

	Estimated Amounts (₱ millions)	
	Firm Shares	**Firm Shares and Option Shares (assuming full exercise of Overallotment Option)**
Estimated total proceeds from the offer of the Selling Shareholder's Shares	21,561.5	23,529.4
Estimated Expenses:		
SEC registration, filing and research fees	8.9	8.9
PSE listing fee	49.1	49.1
Estimated underwriting fees	323.4	352.9
Fees to be paid to Eligible PSE Trading Participants[(1)]	43.1	43.1
Estimated professional fees (including legal, accounting, industry consultant, stock and transfer agent and receiving agent fees)	76.3	76.3
Estimated other expenses (including marketing, roadshow, printing costs and miscellaneous expenses)	2.5	2.5
Crossing charges[(2)]	33.2	36.2
Stock transaction tax	129.4	141.2
Total estimated expenses from the offer of the Selling Shareholder's Shares	665.9	710.2
Estimated net proceeds from the offer of the Selling Shareholder's Shares	20,895.6	22,819.2

Notes:

(1) This fee, which is inclusive of VAT, will be paid separately by the Selling Shareholder in addition to the underwriting fees.

(2) Crossing charges refer to commissions, SCCP fees, Securities Investors Protection Fund, Philippine SEC fees, and block sale fees.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above. The estimated amounts used to determine the estimated net proceeds are presented in this REIT Plan for convenience only.

Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g. stock and transfer, receiving agency, LSI application processing fees, and printing, publication, and out-of-pocket expenses) that the Selling Shareholder expects to incur in relation to the Offer.

The entire proceeds from the Offer will be used by the Selling Shareholder in accordance with its reinvestment plan. Pending the use of such proceeds, the Selling Shareholder may invest the net proceeds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates, withdrawable on demand and without holding restrictions prior to any fund withdrawals. For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see Annex A (*Reinvestment Plan*).

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Selling Shareholder's current plans and anticipated expenditures. In the event there is any change in the Selling Shareholder's reinvestment plan, including force majeure, market conditions and other circumstances, the Selling Shareholder will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in the best interest of the Selling Shareholder. The Selling Shareholder's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Selling Shareholder's management may find it necessary or advisable to alter its plans.

DIVIDENDS AND DIVIDEND POLICY

REIT LAW DISTRIBUTION REQUIREMENTS

The REIT Law provides that a REIT, to be entitled to the tax benefits under the REIT Law and to maintain its status as a public company, is directed to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) ("**Distributable Income**") as dividends to its shareholders. Such distribution must be no later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT subject to the following, as provided under Section 7 of the REIT Law and Section 4 of the Revised REIT IRR:

- The dividends shall be payable only from the unrestricted retained earnings of the REIT as provided for under Section 42 of the Corporation Code. However, the retained earnings of the REIT may only be restricted and not available for distribution under the circumstances enumerated under Section 42 of the Corporation Code and when approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT; provided finally, once the purpose of the restriction is accomplished, the REIT shall immediately cancel the restriction and distribute the corresponding retained earnings upon majority vote of the members of the board of directors.

- The percentage of dividends with respect to any class of stock to be received by the Public Shareholders, to the total dividends with respect to that class of stock distributed by the REIT from out of its Distributable Income must not be less than such percentage of their aggregate ownership of the total outstanding shares of the REIT with respect to that class of stock. Any structure, arrangement, or provision which would have the effect of diminishing or circumventing in any form this entitlement to dividends shall be void and of no force and effect.

- The income distributable as dividend by the REIT shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. The audited financial statements of the REIT shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the REIT Law and the Revised REIT IRR. However, the audited financial statements shall not be required before the REIT can distribute quarterly and/or semi-annual dividends; provided, the REIT has reasonable grounds to believe that the maximum dividends that it may distribute in such fiscal year shall not be more than its Distributable Income based on its audited financial statements for such fiscal year, as provided above.

- A REIT may declare either cash, property, or stock dividends; provided that, in addition to the requirements of the Corporation Code, the declaration of stock dividends must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT and subject to approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such period, the same shall be deemed approved.

- Distributable Income excludes proceeds from the sale of REIT's assets that are re-invested by the REIT within one year from the date of the sale. Gain from the said sale shall, however, form part of the distributable income.

The income distributable by the REIT shall be adjusted by deducting the following unrealized or non-actual gains and losses:

- Unrealized foreign exchange gains, except those attributable to cash and cash equivalents;

- Fair value adjustment or the gains arising from marked-to-market valuation which are not yet realized;

- If and when applicable, fair value adjustment of investment property resulting to gain;

- The amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;

- Adjustment due to a deviation from any of the prescribed accounting standard which results to gain; and

- Other unrealized gains or adjustments to the income as a result of certain transactions accounted for under the PFRS.

Non-actual expenses/losses that are allowed to be added back to distributable income shall be limited to the following items:

- Depreciation on revaluation increment (after tax);

- Adjustment due to any of the prescribed accounting standard which results to a loss; and

- Loss on fair value adjustment of investment property (after tax), if and when applicable.

RECORD DATE

Pursuant to existing Philippine SEC regulations, all cash dividends declared by listed companies must have a record date which shall not be less than 10 calendar days and not more than 30 calendar days from the date the cash dividends are declared. Under such rules, if no record date is specified, the record date will be deemed fixed at 15 calendar days from such declaration.

With respect to stock dividends, the record date shall be not less than 10 calendar days nor more than 30 calendar days from the date of shareholder approval. If no record date is set, under Philippine SEC rules, the record date will be deemed fixed at 15 calendar days from the date of the stock dividend declaration. 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.

Under the Revised Disclosure Rules of the PSE, the disclosure by a listed company of the record date for dividend declarations must not be less than 10 trading days from said date. The rules of the PSE also provide that the payment date shall not be more than 18 trading days from the record date.

OUR COMPANY'S DIVIDEND POLICY

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

From 2017 to 2018 and in 2020, our Company did not declare any dividends. In 2019, our Company declared dividends as follows:

	Cash Dividends (millions)	Record Date	Payment Date
2019	₱6.3	June 30, 2019	July 10, 2019

Dividends were declared in accordance with the provisions of Section 42 of the Corporation Code, specifically that dividends for prior years were taken from the unrestricted retained earnings of the Company.

Following the Offer, the Company intends to maintain an annual cash dividend payout ratio of at least 90% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Revised Corporation Code, among others, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends on a quarterly basis each year.

The failure to distribute at least 90% of the annual Distributable Income will subject the Company, if such failure remains un-remedied within 30 days, to income tax on the taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of the taxable net income as defined in the REIT Law. Accordingly, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90% of the annual Distributable Income may be a ground to delist the Company from the PSE.

EXCHANGE RATES

Fluctuations in the exchange rates between the peso and the U.S. dollar and other foreign currencies will affect the equivalent in U.S. dollars or other foreign currencies of the Peso price of the Offer Shares on the PSE, of dividends distributed in Pesos by the Company, if any, and of the Peso proceeds received by investors on a sale of the Offer Shares on the PSE, if any. Fluctuations in such exchange rates will also affect the peso value of the Company's assets and liabilities which are denominated in currencies other than Pesos.

The following table sets forth certain information concerning the exchange rate (based on BSP's Reference Exchange Rate Bulletin) between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Pesos per U.S.$1.00:

	Philippine Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
2016	49.81	47.49	49.98	45.92
2017	49.92	50.40	51.80	49.40
2018	52.72	52.66	54.35	49.77
2019	50.74	51.80	52.89	50.49
2020	48.04	49.62	51.32	48.03
2021				
January	48.12	48.06	48.12	48.02
February	48.64	48.20	48.70	47.95
March	48.47	48.57	48.68	48.44
April	48.39	48.46	48.58	48.30
May	47.90	47.96	48.16	47.82
June	48.54	48.12	48.84	47.67
July	50.34	49.94	50.44	48.70
August (through August 20)	50.51	50.27	50.56	49.72

Notes:

(1) Average exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

(2) Highest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

(3) Lowest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

On August 20, 2021, the BSP reference rate quoted on the BSP Reference Exchange Rate Bulletin was U.S.$1.00 = ₱50.513.

DETERMINATION OF THE OFFER PRICE

The Offer Price has been set at ₱6.45 per Offer Share. The Offer Price was determined through a book-building process and discussions among the Company, the Selling Shareholder and the Joint Global Coordinators. Since the shares have not been listed on any stock exchange, there has been no market price for the Shares derived from day-to-day trading.

The factors considered in determining the Offer Price were, among others, our ability to generate revenues and cash flows, our short and long-term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer and the market price of comparable listed companies. The Offer Price does not have any correlation to the actual book value of the Offer Shares.

CAPITALIZATION

The following table sets forth our capitalization and indebtedness as of June 30, 2021, and as adjusted to give effect to (i) the REIT Formation Transactions, including the increase in authorized capital and the issuance of new Shares to the Sponsor; and (ii) after giving effect to the Offer. This table should be read in conjunction with our pro forma condensed financial statements as of June 30, 2021 and notes thereto, included in the REIT Plan.

	As of June 30, 2021					
	Actual		**Pro Forma Effect to the Increase in Authorized Capital and REIT Formation Transactions (Unaudited)**		**Adjusted After Giving Pro Forma Effect to the Increase in Authorized Capital and REIT Formation Transactions (Unaudited)**	
	₱	**U.S.$**	**₱**	**U.S.$**	**₱**	**U.S.$**
	(in millions)					
Total Debt[1]	-	-	-	-	-	-
Equity						
Capital stock	25.0	0.5	9,924.0	204.4	9,949.0	204.9
Additional Paid-in Capital	-	-	48,689.7	1,003.0	48,689.7	1,003.0
Retained earnings	(45.0)	(0.9)	(41.1)	(0.8)	(86.1)	(1.7)
Total Equity	(20.0)	(0.4)	58,572.6	1,206.6	58,552.6	1,206.2
Total Capitalization[2]	(20.0)	(0.4)	58,572.6	1,206.6	58,552.6	1,206.2

Notes:

(1) Total debt includes short-term debt and long-term debt. RLC REIT does not have indebtedness as of June 30, 2021.

(2) Total capitalization is calculated as the sum of total indebtedness and total equity. Total capitalization includes estimated expenses which are recognized as reduction in additional paid-in capital and retained earnings amounting to ₱579.4 million and ₱41.1 million, respectively.

Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of June 30, 2021 of U.S.$1.00 = ₱48.544.

The Offer will not result in any further change in the capitalization, as all Offer Shares are being offered by the Selling Shareholder, including those in relation to any exercise of the Overallotment Option.

Other than as described above, there has been no material change in the capitalization of RLC REIT since June 30, 2021.

NET ASSET VALUE

*Under the REIT Law, there is a need to determine the Net Asset Value ("**NAV**"). NAV is the adjusted net asset value reflecting the fair values of total assets and investible funds held by the REIT, less total liabilities. Accordingly, the REIT assets must be reported at fair value in accordance with PAS 40, Investment Property.*

The fair values of the assets have been determined by an independent third party appraiser, SKF, which provided the valuation reports.

The following table shows our computation of the Net Asset Value per share. The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds held by our Company, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value by the total outstanding shares of our Company.

	As of June 30, 2021[1]	
	Actual	**Adjusted After Giving Pro Forma Effect to the Increase in Authorized Capital and REIT Formation Transactions and to the Offer**
	(₱ millions, except number of shares and per share value)	
	(Audited)	**(Unaudited)**
Cash	25.3	25.3
Receivables	–	273.4
Due from a related party	–	683.6
Other assets	13.5	13.5
Investment properties	–	59,203.0
Right-of-use asset	–	547.9
Other noncurrent assets	–	52.1
Total Assets	38.8	60,798.8
Due to a related party	58.8	58.8
Deposits and other liabilities	–	1,324.1
Lease liability	–	242.8
Total Liabilities	58.8	1,625.7
Net Asset Value	(20.0)	**59,173.1**
Issued and outstanding Common Shares	**25,000,000**	**9,948,997,197**
Net asset value per share	**(₱0.80)**	**₱5.95**

Note: (1) Figures are based on the pro-forma condensed financial statements of the Company as of June 30, 2021.

DILUTION

On a per Share basis, the Offer (as adjusted after giving effect to the REIT Formation Transactions) will not result in dilution as all Offer Shares are being offered by the Selling Shareholder.

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer, assuming full exercise of the Overallotment Option:

	Number of Shares	%
Existing shareholders	6,301,030,197	63.33
New investors	3,647,967,000	36.67
Total	**9,948,997,197**	**100.00**

The following table sets forth the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer assuming the Overallotment Option is not exercised:

	Number of Shares	%
Existing shareholders	6,606,133,197	66.40
New investors	3,342,864,000	33.60
Total	**9,948,997,197**	**100.00**

See "*Risk Factors—Risks Relating to the Offer Shares—Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings" and "— Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer*" on page 52 of this REIT Plan.

SELECTED FINANCIAL INFORMATION AND OPERATING INFORMATION

The following tables present selected financial information and should be read in conjunction with the independent auditors' reports and our combined carved-out financial statements, including the notes thereto, included elsewhere in this REIT Plan, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected financial information as of and for the years ended December 31, 2018, 2019, and 2020 and as of and for the six months June 30, 2020 and 2021 were derived from our audited financial statements, which were prepared in accordance with PFRS and were audited by SGV & Co. in accordance with the PSA.

The summary financial information below is not necessarily indicative of the results of future operations. Furthermore, the translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of June 30, 2021 of USD$1.00 = ₱48.544.

For further discussion and summary on the differences between the Combined Carve-out Financial Statements and the Summary Pro Forma Financial Information, see "Presentation of Financial Information" beginning on page xiii of this REIT Plan.

STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,					For the six months ended June 30,		
	2017	2018	2019	2020		2020	2021	
Revenues			**₱ millions (Audited)**		**U.S.$ million (Unaudited)**	**₱ millions (Audited)**		**U.S.$ million (Unaudited)**
Rental income..................	1,720.4	2,383.7	2,723.8	2,952.0	60.8	1,478.8	1,580.8	32.6
Income from dues[1].........	-	-	-	-	-	280.4	295.4	6.1
Income from dues – net[1]	355.8	494.9	597.0	624.0	12.9	38.2	29.2	0.6
	2,076.2	2,878.6	3,320.8	3,576.0	73.7	1,797.4	1,905.4	39.3
Other income[1]................	16.8	11.4	10.6	4.9	0.1	6.0	4.4	0.1
	2,093.0	**2,890.0**	**3,331.4**	**3,580.9**	**73.8**	**1,803.4**	**1,909.8**	**39.4**
Costs and expenses								
Direct operating expenses[1]	544.4	738.3	834.6	843.2	17.4	417.6	442.6	9.1
General administrative expenses	137.1	197.1	194.4	225.1	4.6	111.6	114.4	2.4
Interest expense...............	-	-	9.5	10.2	0.2	5.0	5.4	0.1
	681.5	**935.4**	**1,038.5**	**1,078.5**	**22.2**	**534.2**	**562.4**	**11.6**
Income before income tax	**1,411.5**	**1,954.6**	**2,292.9**	**2,502.4**	**51.6**	**1,269.2**	**1,347.4**	**27.8**
Provision for income tax	**421.9**	**579.4**	**679.9**	**728.3**	**15.0**	**369.3**	**164.3**	**3.4**
Net income	**989.6**	**1,375.2**	**1,613.0**	**1,774.1**	**36.6**	**899.9**	**1,183.1**	**24.4**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**989.6**	**1,375.2**	**1,613.0**	**1,774.1**	**36.6**	**899.9**	**1,183.1**	**24.4**

Note: (1) For the six months ended June 30, 2021 and 2020, the Interim Combined Carve-Out Financial Statements adopted the PIC Q&A 2018-12, PFRS 15 (Accounting for CUSA), which resulted in the change in the presentation of CUSA, airconditioning charges and utility dues. See Notes 3 and 4 for the Interim Combined Carve-Out Financial Statements.

STATEMENTS OF FINANCIAL POSITION

	As of December 31,					As of June 30,	
	2017	2018	2019	2020	2020	2021	
	₱ millions				U.S.$ million	₱ millions	U.S.$ million
Current assets	(Audited)				(Unaudited)	(Audited)	(unudited)
Cash	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Receivables	464.4	759.6	920.3	1,203.2	24.8	1,189.9	24.5
Other current assets	546.5	426.1	53.5	44.9	0.9	38.9	0.8
	1,010.9	1,185.8	973.9	1,248.2	25.7	1,228.9	25.3
Noncurrent assets							
Investment properties	9,312.1	9,879.2	9,525.6	9,020.6	185.8	8,749.3	180.2
Property and equipment	1.3	2.4	1.9	1.5	0.0	1.2	0.0
Right-of-use assets	-	-	434.3	412.7	8.5	402.0	8.3
Other noncurrent assets	229.9	98.1	71.9	46.2	1.0	41.6	0.9
	9,543.3	9,979.7	10,033.7	9,481.0	195.3	9,194.1	189.4
Total assets	**10,554.2**	**11,165.5**	**11,007.6**	**10,729.2**	**221.0**	**10,423.0**	**214.7**
Current liabilities							
Accounts payable and accrued expenses	543.7	552.7	499.6	470.5	9.7	299.5	6.2
Deposits and other current liabilities	140.2	299.8	263.9	237.1	4.9	255.9	5.3
Income tax payable	212.6	359.8	496.7	584.7	12.0	219.4	4.5
	896.5	1,212.3	1,260.2	1,292.3	26.6	774.8	16.0
Noncurrent liabilities							
Deferred tax liabilities	399.9	507.2	537.5	555.7	11.5	446.3	9.2
Lease liabilities	-	-	120.7	130.9	2.7	136.3	2.8
Deposits and other noncurrent liabilities	738.1	707.6	846.0	791.5	16.3	782.1	16.1
	1,138.0	1,214.8	1,504.2	1,478.1	30.5	1,364.7	28.1
Total liabilities	**2,034.5**	**2,427.1**	**2,764.4**	**2,770.4**	**57.1**	**2,139.5**	**44.1**
Stockholders' Equity							
Invested equity	8,519.7	8,738.4	8,243.2	7,958.8	163.9	8,283.5	170.6
Total liabilities and total equity	**10,554.2**	**11,165.5**	**11,007.6**	**10,729.2**	**221.0**	**10,423.0**	**214.7**

STATEMENTS OF CASH FLOWS INFORMATION

	For the year ended December 31,					For the six months ended June 30,		
	2017	2018	2019	2020	2020	2020	2021	
	₱ millions				U.S.$ million	₱ millions		U.S.$ million
	(Audited)				(Unaudited)	(Audited)		(Unaudited)
Cash flow from operating activities								
Net cash flows provided by operating activities	1,724.3	2,112.6	2,316.7	2,080.4	42.9	752.4	856.7	17.6
Cash flow from investing activities								
Net cash flows provided by (used in) investing activities	(2,278.0)	(830.7)	(198.3)	(21.8)	(0.5)	(21.3)	1.6	0.0
Cash flow from financing activity								
Contributions (distributions) of invested equity	553.7	(1,281.8)	(2,118.4)	(2,058.6)	(42.4)	(731.1)	(858.3)	(17.6)
Net increase (decrease) in cash and cash equivalents	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash at beginning of year	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.0**
Cash at end of year	**0.0**	**0.1**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.0**

SUMMARY OF SELECTED OPERATING AND FINANCIAL INFORMATION

Key Financial Figures and Ratios	As of and for the year ended December 31, 2017	2018	2019	2020	2020 U.S.$ (in millions)	As of and for the six months ended June 30, 2021	2021 U.S.$ (in millions)
Rental Revenues (in ₱ millions)	1,720.4	2,383.7	2,723.8	2,952.0	60.8	1,580.8	32.6
Income from Dues (in ₱ millions)	-	-	-	-	-	295.4	6.1
Income from Dues-net (in ₱ millions)	355.8	494.9	597.0	624.0	12.9	29.2	0.6
Recurring Income (in ₱ millions)(1)	2,076.2	2,878.6	3,320.8	3,576.0	73.7	1,905.4	39.3
Gross Revenues(2)	2,093.0	2,890.0	3,331.4	3,580.9	73.8	1,909.8	39.3
Recurring Income Contribution(1)	**0.99**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
Current Assets (in ₱ millions)	1,010.9	1,185.8	973.9	1,248.2	25.7	1,228.8	25.3
Current Liabilities (in ₱ millions)	896.5	1,212.3	1,260.2	1,292.3	26.6	774.8	16.0
Current Ratio(3)	**1.13**	**0.99**	**0.78**	**0.97**	**0.97**	**1.59**	**1.59**
Total Debt (in ₱ millions)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Shareholders' Equity (in ₱ millions)	**8,519.7**	**8,738.4**	**8,243.2**	**7,958.8**	**163.9**	**8,283.5**	**170.6**
Debt to Equity Ratio (4)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Net Income (in ₱ millions)	989.6	1,375.2	1,613.0	1,774.1	36.6	1,183.0	24.4
Return on Equity(5)	**0.13**	**0.16**	**0.19**	**0.22**	**0.22**	**0.14**	**0.14**
Total Assets (in ₱ millions)	10,554.2	11,165.5	11,007.6	10,729.2	221.0	10,422.9	214.7
Asset to Equity Ratio(6)	**1.24**	**1.28**	**1.34**	**1.35**	**1.35**	**1.26**	**1.26**

Notes:

(1) Recurring income contribution measures the stability of the Company's income source and is derived by dividing recurring income by gross revenues. Recurring income consists of rental income, income from dues, and income from dues – net.

(2) Gross revenues consist of rental income, income from dues, income from dues-net, and other income.

(3) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures our Company's ability to pay short-term obligations.

(4) Debt to equity ratio is derived by dividing interest-bearing liabilities (short-term debt and long-term debt) by total shareholders' equity. The debt to equity ratio measures the degree of our financial leverage. RLC REIT does not have indebtedness as of December 31, 2020, 2019, 2018 and 2017 and as of June 30, 2021.

(5) Return on equity is derived by dividing net income by average total shareholders' equity.

(6) Asset to equity ratio is derived by dividing total assets by total shareholders' equity. The asset to equity ratio measures our Company's financial leverage and long-term solvency.

SELECTED PRO FORMA FINANCIAL INFORMATION

*The following tables present summary pro forma financial information for RLC REIT and has been prepared solely for the inclusion in the REIT Plan. The summary pro forma financial information should be read in conjunction with the audited Combined Carve-out Financial Statements. The unaudited pro forma information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68, ("**Revised SRC Rule 68**").*

The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements occurred as of January 1, 2021 and 2020. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 3 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

The pro-forma information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

SGV & Co. has reviewed the pro forma adjustments reflecting the transactions described in the unaudited Pro Forma Financial Statements and the application of those adjustments to the historical amounts in accordance with the Philippine Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro forma financial information. The degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Reference Rate as of June 30, 2021 of U.S.$1.00 = ₱48.544.

For further discussion and summary on the Summary Pro Forma Financial Information, see "Presentation of Financial Information" beginning on page xiii of this REIT Plan.

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)		(Unaudited)	
	(₱ million)	(US$ million)	(₱ million)	(US$ million)
REVENUES				
Rental income..	3,944.5	81.3	1,956.1	40.3
Income from dues..	849.7	17.5	401.5	8.3
Income from dues - net................................	58.3	1.2	29.2	0.6
	4,852.5	100.0	2,386.8	49.2
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES				
Increase in fair value of investment properties...	1,491.5	30.7	172.4	3.6
Straight-line adjustment	(238.9)	(4.9)	(37.2)	(0.8)
Lease commissions......................................	(13.6)	(0.3)	(1.5)	0.0
	1,239.0	25.5	133.7	2.8

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)		(Unaudited)	
	(₱ million)	(US$ million)	(₱ million)	(US$ million)
Other income	5.9	0.1	7.0	0.1
	6,097.4	125.6	2,527.5	52.1
COSTS AND EXPENSES				
Direct operating expenses	399.9	8.2	221.7	4.6
General and administrative expenses	452.1	9.3	266.5	5.5
Interest expense	10.0	0.2	4.6	0.1
	862.0	17.7	492.8	10.2
INCOME BEFORE INCOME TAX	5,235.4	107.9	2,034.7	41.9
PROVISION FOR INCOME TAX	1,548.8	31.9	499.6	10.3
NET INCOME	3,686.6	76.0	1,535.1	31.6
TOTAL COMPREHENSIVE INCOME	3,686.6	76.0	1,535.1	31.6

PRO-FORMA STATEMENT OF FINANCIAL POSITION

	As of June 30, 2021	
	(Unaudited)	
	(₱ million)	(US$ million)
ASSETS		
Total Current Assets	995.8	20.5
Total Non-current Assets	59,803.0	1,231.9
Total Assets	60,798.8	1,252.4
LIABILITIES AND EQUITY		
Total Current Liabilities	314.7	6.5
Total Non-current Liabilities	1,311.1	27.0
Total Liabilities	1,625.8	33.5
Total Equity	59,173.1	1,219.0
TOTAL LIABILITIES AND EQUITY	60,798.9	1,252.5

PRO-FORMA STATEMENT OF CASH FLOWS

	For the year ended December 31, 2020		For the six months ended June 30, 2021	
	(Unaudited)			
	(₱ million)	(U.S.$ million)	(₱ million)	(U.S.$ million)
Net cash provided by operating activities	2,824.8	58.2	1,345.7	27.7
Net cash used in investing activities	(44.2)	(0.9)	(3.2)	(0.1)
Net cash provided by financing activity	18.8	0.4	84.2	1.7
Other proforma adjustments	(2,780.7)	(57.3)	(1,401.3)	(28.9)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Historical Financial Information" and "Selected Historical Financial Information" and with the audited combined carve-out financial statements as of and for the years ended December 31, 2020, 2019, 2018 and 2017 (the "***Historical Combined Carve-Out Financial Statements***") and as of and for the six months ended June 30, 2021 and 2020 (the "***Interim Combined Carve-Out Financial Statements***" and together with the Historial Combined Carve-Out Financial Statements, the "***Combined Carve-out Financial Statements***") in each case, including the notes relating thereto, included elsewhere in this REIT Plan. Our Combined Carve-out Financial Statements were prepared in compliance with PFRS. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Combined Carve-Out Financial Statements included elsewhere in this REIT Plan. Unless otherwise indicated herein, the following discussion excludes historical data on Robinsons Cybergate 2 and Robinsons Cybergate 3. The Cybergate Center Buildings do not form part of the Property-for-Share Swap and the Cybergate Building Leases are effective upon the approval by the Philippine SEC of the Property-for-Share Swap. As such, the historical information in respect of these two buildings are excluded from the Combined Carve-out Financial Statements.*

The Combined Carve-Out Financial Statements have been prepared by separating the historical financial information pertaining to the Assigned Properties subject to the Property-for-Share Swap out of the Sponsor's audited financial statements in accordance with PFRS.On April 27, 2021, our Company filed an application with the Philippine SEC for the approval of the Property-for-Share Swap. Until the approval of the Property-for-Share Swap by the Philippine SEC on August 2, 2021, the financial information of the Properties subject of the Property-for-Share Swap formed part of the financial statements of the Sponsor, and not the financial statements of our Company. PFRS does not provide specific guidance for the preparation of combined carve-out financial statements and there can be no assurance that our future performance will be consistent with the past financial information presented in the Combined Carve-out Financial Statements. See "*Risk Factors—Risks relating to our Operations—The Combined Carve-out Financial Statements prepared for this REIT Plan may not necessarily represent our consolidated financial position, results of operations and cash flows.*"

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" on page 28 and elsewhere in this REIT Plan. See "Forward-Looking Statements" on page xvi of this REIT Plan.

The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP rate as of June 30, 2021 of U.S.$1.00 = ₱48.544.

OVERVIEW

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) ("**RLC REIT**"), a company designated by Robinsons Land Corporation ("**RLC**" or the "**Sponsor**") to operate as a REIT, leases to a diversified tenant base a high-quality portfolio (the "**Portfolio**") of 14 commercial real estate assets (the "**Properties**" and each, a "**Property**") across the Philippines with an aggregate Portfolio GLA of 425,315 sqm as of the date of this REIT Plan. Our Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of our office tenants.

The principal investment mandate of RLC REIT is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major central business districts ("**CBDs**") and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as information technology and business process management ("**IT-BPM**") services, including business process outsourcing ("**BPO**") services, to secure stable occupancy and income from operations. See "*Business—Investment Policy*."

Our initial Portfolio of 14 assets comprises the Assigned Properties and the Cybergate Center Buildings with an aggregate Appraised Value of ₱73,884.0 million (US$1,522.0 million) as of June 30, 2021 located in CBDs across Metro Manila and in the key cities of Naga, Tarlac, Cebu and Davao outside of Metro Manila.

In preparation for the Offering, on April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred its ownership over 13 properties (the "**Assigned Properties**", and such transaction for the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to the Assigned Properties, the "**Property-for-Share Swap**"). In addition, the Sponsor is leasing: (a) two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "**Cybergate Center Buildings**" and the lease arrangements for such buildings, the "**Cybergate Center Leases**"), and (b) certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "**Land Leases**")[6] to RLC REIT (the Property-for-Share Swap, the Cybergate Center Leases and the Land Leases, together with the ancillary transactions for the implementation of such transfers and leases, including the AOI Amendments, are collectively referred to as the "**REIT Formation Transactions**"). See "*Business—History—REIT Formation Transactions*" for further details. This REIT Plan includes (i) audited Combined Carve-out Financial Statements of the Assigned Properties on a historical basis by separating the historical information pertaining to the Assigned Properties out of the Sponsor's financial statements; (ii) pro forma financial information taking into account the completion of the Property-for Share-Swap, the Land Leases, the Cybergate Center Leases and adoption of fair value method in the measurement of investment properties, as if these REIT Formation Transactions had occurred as of January 1, 2021 and 2020; and (iii) the historical audited financial information of RLC REIT prior to its designation as a REIT company.

The appraised values of our Properties as of June 30, 2021 are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by Santos Knight Frank ("**SKF**" or the "**Valuer**"). The Valuation Reports were prepared for the registration statement and the listing application to be submitted to the Philippine SEC and the PSE in connection with the initial public offering of RLC REIT. The Valuation Reports are based on multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the market value of the Properties, SKF used the income approach, specifically the discounted cash flow ("**DCF**") analysis since this method is usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant Property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex C (*Independent Property Valuation Reports*) elsewhere in this REIT Plan. The Appraised Value of our Portfolio includes the valuation of the two Cybergate Center Buildings, which unlike the Assigned Properties, are leased by our Company from the Sponsor.

For the year ended December 31, 2020 and for the six months ended June 30, 2021, Rental Income of the Assigned Properties amounted to ₱2,952.0 million (US$60.8 million) and ₱1,580.8 million (US$32.6 million), respectively, and Gross Revenue of the Assigned Properties was ₱3,580.9 million (US$73.8 million) and ₱1,909.8 million (US$39.4 million), respectively. On a pro forma basis for the year ended December 31, 2020 and for the six months ended June 30, 2021, Pro Forma Rental Income amounted to ₱3,944.5 million (US$81.3 million) and ₱1,956.1 million (US$40.3 million), respectively and Pro Forma Gross Revenue amounted to ₱6,097.4 million (US$125.6 million) and ₱2,527.5 million (US$52.1 million), respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by various factors. Set out below is a discussion of what we believe would be the most significant factors affecting results of operations. Factors other than those discussed below could also have a significant impact on our results of operations and financial condition in the future. This discussion excludes historical data on Robinsons Cybergate 2 and Robinsons Cybergate 3. The Cybergate Center Buildings do not form part of the Property-for-Share Swap and the Cybergate Building Leases are effective upon the approval by the Philippine SEC of the Property-for-Share Swap. See "*—Basis of Preparation of the Combined Carve-out Financial Statements*."

Demand for office space by IT-BPM firms

Our leasing operations are driven principally by increased demand for office space, particularly from IT-BPM firms, in the Philippines. It is not certain whether demand for office space by these firms will continue to remain

[6] *As of the date of this REIT Plan, the Cybergate Center Leases and Land Leases have been executed and commenced upon the Philippine SEC's approval of the Property-for-Share Swap on August 2, 2021.*

high, as this demand is determined by, among other factors, overall levels of business activity in the Philippines and worldwide, as well as the relative cost of operating IT-BPM facilities in the Philippines compared to other countries, such as India, and fiscal and other regulations imposed on operators such as POGOs. In addition, demand for our Properties is affected by the relative cost of rents as compared to those owned by competitors, by the supply of available office space in competing CBDs (including in Makati City, Bonifacio Global City, and Ortigas Center) and by the number of corporates and IT-BPM firms that are willing to locate where our commercial properties are situated.

Further, the occurrence of events with widespread macroeconomic impact such as COVID-19 may significantly change the demand for office space, such as reduced demand for traditional office spaces and increasing work-from-home arrangements, which would dampen demand for large office spaces. JLL estimates the office space vacancy rate for Metro Manila was at 12.4% for 2020. JLL also believes that despite the expected improvement in demand for office space in 2021, office vacancy rates will remain above historical average levels as most offices will likely retain flexible work arrangements, resulting in additional vacant space.

Occupancy rates and lease expiries

The success of our business depends on our ability to maintain high occupancy across the Portfolio. Our Committed Occupancy Rate across the Portfolio as of June 30, 2021 was 99%. Occupancy rates largely depend on the attractiveness of the markets where the Properties are located, rents relative to competing properties, the supply of and demand for comparable properties, the facilities and amenities offered, the ability to minimize the intervals between lease expiries (or terminations) and our ability to enter into new leases (including commitments to lease for those properties where leases are expiring).

We believe that our strategically located assets in CBDs and key cities allow us to maintain high levels of occupancy. In addition, we believe that we enjoy greater credibility with our tenants as a result of the reputation, scale of operations and the amenities and infrastructure that our Sponsor has historically provided which generally allows our assets to be viewed as premium properties, thereby enhancing their appeal to tenants, and has resulted in high occupancy rates.

Rental rates and escalations

Our rental revenues primarily comprises income from rentals payments and income dues for common area use and aircon charges.

Accordingly, our revenue from operations is directly affected by the rental rates of the Properties. The rental rates are affected by various factors, including:

- prevailing economic, income and demographic conditions in the market where the Property is located;
- the amenities and facilities provided;
- the cost of upkeep and maintenance of the properties;
- the nature of the property (i.e., standard offices space or built-to-suit);
- changes in applicable regulatory and government regulations; and
- competition from other projects and assets in the vicinity.

Further, our existing lease agreements typically have built-in rent escalations, which has led to growth in revenues in prior years and we expect it will help us generate stable and predictable growth in our revenue from operations. Our leases typically have contractual escalations in the range of 3% to 5% every year.

Directing operating expenses

Direct operating expenses (excluding depreciation and amortization) for the year ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021 and 2020, are 8%, 8%, 7%, 8% and 7% of total revenue, respectively. Our direct operating expenses primarily consist of management fees, contracted services, repairs and maintenance and accretion of interest expense. Factors which impact our ability to control these operating expenses include (but are not limited to) occupancy levels, periodic renovation, refurbishment and other costs related to re-leasing.

Cost increases as a result of any of the foregoing may adversely affect our profitability, margins and cash flows. Circumstances such as a decline in market rent or pre-termination of lease contracts may cause revenue to decrease, although the expenses of owning and operating a property may not decline in line with the decrease in revenue. While certain expenses may vary with occupancy, direct operating expenses such as those relating to general maintenance and contracted services such as security services may not decline even if a property is not fully occupied.

Future acquisitions

Our investment strategy includes selectively acquiring commercial real estate assets that meet our investment criteria. Our acquisition strategy may require a significant amount of working capital and long-term funding. Our ability to acquire properties will depend on our ability to secure financing on commercially viable terms, which will in part be affected by the prevailing interest rates at the time of acquisition.

Competition

We operate in competitive markets for the acquisition, ownership and leasing of commercial real estate. We compete for tenants with numerous real estate owners, developers and operators who own properties similar to our own in these markets. Among the factors influencing leasing competition are location, rental rates, building quality and levels of services provided to tenants.

In particular, we face significant competition in the office leasing market in Metro Manila. JLL notes that in the next five years, the market expects approximately 2.1 million sqm of new supply in Metro Manila. We may have to compete on pricing to maintain our competitiveness, which may decrease margins. We may also need to incur additional operating and capital expenditure to maintain or improve the quality of our Properties. Further, the increase in office supply, the effect of the COVID-19 pandemic on demand for office space, and potential downside risks to demand recovery may lead to slower or negative net absorption of tenants leading to higher vacancy rates and downward pressure on rental rates. For further details see "*Business and Properties—Competition*" and the industry report of JLL attached to this REIT Plan as Annex B (*JLL Report: Office Market Study in the Philippines*).

Economic conditions impacting the Philippines and the industry sectors of our tenants

All of our Properties are located in the Philippines and, as a result, our operations are significantly affected, and will continue to be significantly affected, by macroeconomic conditions in the Philippines. The demand for the lease of our Properties are directly related to the strength of the Philippine economy, including overall growth levels and the amount of business activity in the Philippines, the completion of the transport infrastructure projects for improved access, and the general political stability and security situation in the Philippines.

Our results of operations depend in part on the performance of the commercial real estate market in the Philippines, and in the CBDs and key cities where the Properties are located, which in turn depends on various factors such as economic and other market conditions, demographic trends, employment levels, availability of financing, prevailing interest rates, competition, bargaining power of tenants, operating costs, government regulations and policies, and market sentiment. In addition, a significant number of our tenants are in the IT-BPM sector and our office leasing operations performance and growth will be affected by the business conditions of our tenants in the IT-BPM sector.

Regulatory Environment

We are subject to and rely on a number of Government regulations and initiatives affecting the IT-BPM industry and office space leasing segment. For example, certain of the Properties and our tenants generally enjoy preferential tax rates as a result of the Government's thrust to spur the growth of the IT-BPM industry through PEZA registration incentives. We are also subject to other laws and regulations including the National Building Code, environmental regulations, and regulatory requirements prescribed by PEZA, amendments or breaches of which could lead to higher costs or expenses.

BASIS OF PREPARATION OF THE COMBINED CARVE-OUT FINANCIAL STATEMENTS

The Combined Carve-out Financial Statements are prepared on the basis of the assumption that all the Assigned Properties subject of the Property-for-Share Swap were part of RLC REIT for the relevant periods prior to the REIT Formation Transactions. The Combined Carve-out Financial Statements have been prepared to provide the historical financial position and performance and cash flows of the Assigned Properties as at and for the years then ended by separating the historical financial information pertaining to the Assigned Properties from the Sponsor's audited financial statements in accordance with PFRS. The historical financial information of the Cybergate Center Buildings are excluded from the Combined Carve-out Financial Statements because (i) there were no leases in respect of the Cybergategate Center Buildings that had been executed as of June 30, 2021, December 31, 2020, 2019, 2018 and 2017, and as at June 30 2021 and 2020; and (ii) even after the execution of the Cybergate Center Leases, the ownership and operation of these buildings will not be transferred to our Company and will continue to be with our Sponsor. As such, there is no historical financial information pertaining to the lease of these buildings that can be combined into the Combined Carve-out Financial Statements. The Combined Carve Out Financial Statements are intended to show the historical financial, performance, and cash flows of the Assigned Properties that will be transferred to the Company through Property-for-Share Swap.

The Combined Carve Out Financial Statements are based on historical information, while the lease of the Cybergate Center Buildings is not historical information.

The statutory financial information of the RLC REIT, as a separate legal entity, is different from the financial information of the Assigned Properties which is the subject to the accompanying Combined Carve-Out Financial Statements. As such, the Combined Carve-out Financial Statements may not be representative of the financial position of RLC REIT for future periods.

The accompanying combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC.

PFRSs do not include specific guidance for preparation of combined and carved out financial statements. See Note 2 (Basis of Preparation) of the Combined Carve-out Financial Statements elsewhere in this REIT Plan for further details on the principles used in the preparation of the combined and carved out financial statements of the Assigned Properties.

Based on management judgment, our Company can prepare Combined Carve-out Financial Statements because the assets to be combined are ultimately under common control by RLC during the periods presented and the Combined Carve-out Financial Statements will provide the historical combined financial position and performance and cash flows of the combining assets which are intended to be used by a wide range of users, including potential investors in RLC REIT, RLC's stockholders and the public, who cannot otherwise obtain the financial information through other means.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Our financial information is prepared in conformity with PFRS. Significant accounting policies are those that are both (i) relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex.

In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, we have identified our significant accounting policies in Note 3 of our Combined Carve-out Financial Statements, included elsewhere in this REIT Plan.

While we believe that all aspects of our financial statements, including the accounting policies discussed in our Combined Carve-out Financial Statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the significant accounting judgments, estimates and assumptions discussed in Note 4 to our Combined Carve-out Financial Statements warrant particular attention.

The main items subject to significant accounting judgments by management include, among others:

- the basis for preparing the Combined Carve-out Financial Statements;
- principal versus agent considerations;
- operating lease commitments; and
- recognition of deferred tax assets.

The main items subject to key assumptions and estimates by management include, among others:

- leases – estimating the incremental borrowing rate;
- provision for expected credit losses of trade receivables;
- impairment of nonfinancial assets; and
- estimation of useful lives of investment properties.

FAIR VALUE ACCOUNTING FOR INVESTMENT PROPERTIES

The Combined Carve-out Financial Statements of the Properties included in this REIT Plan have been prepared using the historical cost basis. After the Offering and upon approval as a REIT Company, our Company will change its accounting policy and account for its investment properties using the fair value model, subject to the evaluation of its management together with the Fund Manager. For this purpose, fair value can be defined as the price that would be realized in the sale of an asset or payment for the transfer of a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of investment property, the Company shall ensure that the fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions.

Should the Company adopt the fair value model, the Company expects that that such change will impact its financial statements as follows:

(i) The change in accounting policy shall be applied retrospectively and the Company shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. In the case of the Company, should it opt to change its accounting policy for investment properties from the cost model to the fair value model as of June 30, 2021, the related financial reports as of and for the years ended December 31, 2020 and 2019 will have to be restated as if the investment properties have always been accounted using fair value model.

(ii) The change in accounting policy may result to the following changes in the statement of financial position: (a) increase or decrease in investment properties to account for fair value changes; (b) increase or decrease in retained earnings for the effects of the fair value changes and derecognition of depreciation recognized in the current and comparative periods presented; and, (c) increase or decrease in deferred tax assets or liability.

(iii) The change in accounting policy may result to the following changes in the statement of comprehensive income: (a) decrease in depreciation and amortization expense; (b) increase or decrease in other income arising from gain or loss on fair value changes; and, (c) increase or decrease in provision for income tax.

(iv) The change in accounting policy shall have no impact on the Company’s statement of cash flows.

(v) The change in accounting policy will only impact the accounting income and shall not have an impact on the Company’s taxable income. Taxable income shall continue to include as part of our deductible expense the depreciation and amortization on investment property. The difference between accounting income and taxable income will be shown as a reconciling item in the income tax return.

The fair value model of accounting for investment properties, should there be no losses from fair value changes, is expected to be beneficial to the investors, as it will allow the Company to declare higher dividends since there is no recognition of depreciation and amortization expenses which reduces retained earnings.

Our results of operations with respect to the years ended December 31, 2017, 2018, 2019 and 2020 and for the six months ended June 30, 2020 and 2021 are based on, and should be read in conjunction with, our Combined Carve-out Financial Statements and related notes included elsewhere in this REIT Plan.

Revenue

Revenue comprises rental income, income from dues – net, and other income.

Rental Income

The Company leases its commercial and office real estate properties to others through operating leases. Rental income consists of rental income on leased office, retail and parking properties and is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Income from Dues

Income from dues are recognized when the CUSA and air-conditioning services are rendered. CUSA and air-conditioning charges are computed based on rates stated in the executed contract of lease multiplied by the gross leasable area occupied by the tenenat.

Income from Dues – net

Income from dues are recognized when the related services are rendered. CUSA and air-conditioning services in excess of actual charges and consumption are recorded as revenue. Income from dues is presented net of related costs and expenses.

Other Income

Other income pertains to income earned from forfeitures and penalties charged to tenants for late payments and gain from insurance claims. Other income is recognized when the related services have been rendered and the right to receive payment is established.

Costs and Expenses

Costs and expenses comprise direct operating expenses, general and administrative expenses, and interest expense. Costs and expenses are recognized in the combined carve-out statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the combined carve-out statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the combined carve-out statement of financial position as an asset.

Direct Operating Expenses

Direct operating expenses consists of depreciation of investment properties and amortization of right-of-use ("**ROU**") asset, management fee, contracted services, repairs and maintenance, and other expenses such as accretion of interest expense. Direct operating expenses and general and administrative expenses are recognized as they are incurred. Investment properties are properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Assigned Properties. Investment Properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. The Assigned Properties recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

General and Administrative Expenses

General and administrative expenses consist of taxes and licenses, salaries and wages, commission expense, shared expenses, insurance expense, supplies expense, rent expense, communication, depreciation of property and equipment and others such as travel and transportation, communication, bank charges and advertising and promotions.

Shared expenses pertain to common costs paid and allocated by the JG Summit among the Properties based on the proportion of each properties' total revenue contribution.

Interest Expense

Interest expense pertains to the accretion of interest expense from lease liabilities.

Provision for Income Tax

Provision for income tax consists of current provision of income tax, representing regular corporate income tax, and deferred tax assets (liabilities).

RESULTS OF OPERATIONS

The discussion of Results of Operations is based on the audited Combined Carve-out Financial Statements in respect of the Assigned Properties.

Six months ended June 30, 2021 compared to six months ended June 30, 2020

	(Audited)		(Unaudited)	
	For the six months ended June 30,			
	2020	2021	2021	% Change
	(in millions of ₱)		(U.S.$ in millions)	
Revenue				
Rental income	1,478.8	1,580.8	32.6	6.9%
Income from dues	280.4	295.4	6.1	5.4%
Income from dues-net	38.2	29.2	0.6	(23.6)%
	1,797.4	1,905.4	39.3	6.0%
Other income	6.0	4.4	0.1	(26.0)%
	1,803.4	1,909.8	39.4	5.9%
Costs and Expenses				
Direct operating expenses	417.6	442.6	9.1	6.0%
General and administrative expenses	111.6	114.4	2.4	2.5%
Interest expense	5.0	5.4	0.1	7.9%
	534.2	562.4	11.6	5.3%
Income before income tax	1,269.2	1,347.4	27.8	6.2%
Provision for income tax	369.3	164.3	3.4	(55.5)%
Total comprehensive income	899.9	1,183.1	24.4	31.5%

Revenue

Revenue increased by 5.9% to ₱1,909.8 million for the six months ended June 30, 2021 (US$39.4 million) from ₱1,803.4 million for the six months ended June 30, 2020 primarily driven by an increase in rental income.

Rental income increased by 6.9% to ₱1,580.8 million for the six months ended June 30, 2021 (US$32.6 million) from ₱1,478.8 million for the six months ended June 30, 2020 on the back of our successful leasing activities and rental escalations in existing office buildings.

Income from dues increased by 5.4% to ₱295.4 million for the six months ended June 30, 2021 (US$6.1 million) from ₱280.4 million for the six months ended June 30, 2020 arising from additional lease contracts executed during the year.

Incoem from dues-net decreased by 23.6% to ₱29.2 million for the six months ended June 30, 2021 (US$0.6 million) from ₱38.2 million for the six months ended June 30, 2020 due to lower aircon dues billed to tenants.

Other income decreased by 26.0% to ₱4.4 million for the six months ended June 30, 2021 (US$0.1 million) from ₱6.0 million for the six months ended June 30, 2020 because of lower penalties from late payments and forfeitures.

Cost and expenses

Cost and expenses increased by 5.3% to ₱562.4 million for the six months ended June 30, 2021 (US$11.6 million) from ₱534.2 million for the six months ended June 30, 2020.

Direct operating expenses increased by 6.0% to ₱442.6 million for the six months ended June 30, 2021 (US$9.1 million) from ₱417.6 million for the six months ended June 30, 2020 mainly due to the interest accretion of the security deposit received from tenants and increase in contracted services, and general and administrative expenses increased by 2.5% to ₱114.4 million for the six months ended June 30, 2021 (US$2.4 million) from ₱111.6 million for the six months ended June 30, 2020.

Interest expense increased by 7.9% to ₱5.4 million for the six months ended June 30, 2021 (US$0.1 million) from ₱5.0 million for the six months ended June 30, 2020 because of the accretion of interest expense in lease liability.

Income before income tax

As a result of the foregoing, income before income tax increased by 6.2% to ₱1,347.4 million for the six months ended June 30, 2021 (US$27.8 million) from ₱1,269.2 million for the six months ended June 30, 2020.

Provision for income tax

Provision for income tax decreased by 55.5% to ₱164.3 million for the six months ended June 30, 2021 (US$3.4 million) from ₱369.3 million for the six months ended June 30, 2020, primarily due to the catch-up adjustment brought by the change in regular corporate income tax from 30% to 25% beginning July 1, 2020 pursuant to CREATE Act.

Net Income

As a result of the foregoing, net income increased by 31.5% to ₱1,183.1 million (US$24.4 million) for the six months ended June 30, 2021 from ₱899.9 million for the six months ended June 30, 2020.

Year ended December 31, 2020 compared to year ended December 31, 2019

	(Audited)		(Unaudited)	
	For the years ended December 31,			
	2019	2020	2020	% Change
	(in millions of ₱)		(U.S.$ in millions)	
Revenue				
Rental income	2,723.8	2,952.0	60.8	8.4%
Income from dues — net...........	597.0	624.0	12.9	4.5%
	3,320.8	3,576.0	73.7	7.7%
Other income............................	10.6	4.9	0.1	(53.8) %
	3,331.4	3,580.9	73.8	7.5%
Costs and Expenses				
Direct operating expenses	834.6	843.2	17.4	1.0%
General and administrative expenses..................................	194.4	225.1	4.6	15.8%
Interest expense.......................	9.5	10.2	0.2	7.4%
	1,038.5	1,078.5	22.2	3.9%
Income before income tax	2,292.9	2,502.4	51.6	9.1%
Provision for income tax	679.9	728.3	15.0	7.1%
Total comprehensive income.......	1,613.0	1,774.1	36.6	10.0%

Revenue

Revenue increased by 7.5% to ₱3,580.9 million in 2020 (US$73.8 million) from ₱3,331.4 million in 2019 primarily driven by the increase in rental income.

Rental income grew by 8.4% to ₱2,952.0 million in 2020 (US$60.8 million) from ₱2,723.8 million in 2019 on the back of our successful of leasing activities for new developments and rental escalations in existing office buildings.

Income from dues – net rose by 4.5% to ₱624.0 million in 2020 (US$12.9 million) from ₱597.0 million in 2019 arising from additional lease contracts executed during the year.

Other income declined by 53.8% to ₱4.9 million in 2020 (US$0.1 million) from ₱10.6 million in 2019 due to lower penalties from late payments and forfeitures.

Cost and expenses

Cost and expenses increased by 3.9% to ₱1,078.5 million in 2020 (US$22.2 million) from ₱1,038.5 million in 2019 primarily driven by the increase in direct operating expenses.

Direct operating expenses grew by 1% to ₱843.2 million in 2020 (US$17.4 million) from ₱834.6 million in 2019 mainly due to costs incurred for additional maintenance supplies in view of heightened sanitation standards in view of the COVID-19 pandemic.

General and administrative expenses also increased by 15.8% to ₱225.1 million in 2020 (US$4.6 million) from ₱194.4 million in 2019 mainly due to higher taxes and licenses, salaries and wages and shared expenses.

Interest expense grew by 7.4% to ₱10.2 million in 2020 (US$0.2 million) from ₱9.5 million in 2019 due to the increase in the carrying value of lease liability.

Income before income tax

As a result of the foregoing, income before income tax increased 9.1% to ₱2,502.4 million in 2020 (US$51.6 million) from ₱2,292.9 million in 2019.

Provision for income tax

Provision for income tax increased by 7.1% to ₱728.3 million in 2020 (US$15.0 million) from ₱679.9 million in 2019, primarily due to higher taxable income.

Total comprehensive income

As a result of the foregoing, total comprehensive income increased by 10.0% to ₱1,774.1 million (US$36.6 million) in 2020 from ₱1,613.0 million in 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018

	(Audited) For the years ended December 31,		
	2018	**2019**	**% Change**
	(in millions of ₱)		
Revenue			
Rental income [1]	2,383.7	2,723.8	14.3%
Income from dues — net	494.9	597.0	20.6%
	2,878.6	3,320.8	15.4%
Other income	11.4	10.6	(7.0)%
	2,890.0	3,331.4	15.3%
Costs and Expenses			
Direct operating expenses	738.3	834.6	13.0%
General and administrative expenses	197.1	194.4	(1.4)%
Interest expense	-	9.5	
	935.4	1,038.5	11.0%
Income before income tax	1,954.6	2,292.9	17.3%
Provision for income tax	579.4	679.9	17.3%
Total comprehensive income	1,375.2	1,613.0	17.3%

Revenue

Revenue increased by 15.3% to ₱3,331.4 million in 2019 from ₱2,890.0 million in 2018 primarily driven by an increase in rental income.

Rental income grew by 14.3% to ₱2,723.8 million in 2019 from ₱2,383.7 million in 2018 as a result of rental escalation and higher renewal rates in existing offices, as well as contribution from the newly completed offices.

Income from dues – net increased by 20.6% to ₱597.0 million in 2019 from ₱494.9 million in 2018 due to newly obtained lease contracts. Other income decreased by 7.0% to ₱10.6 million in 2019 from ₱11.4 million in 2018 because of the decrease in penalties from late payments.

Cost and expenses

Cost and expenses increased by 11% to ₱1,038.5 million in 2019 from ₱935.4 million in 2018.

In particular, while general and administrative expenses decreased by 1.4% to ₱194.4 million in 2019 from ₱197.1 million in 2018 as result of the cost rationalization initiatives, our direct operating expenses increased by 13% to ₱834.6 million in 2019 from ₱738.3 million in 2018 due to additional depreciation expense and other costs from the newly completed offices.

Interest expense of ₱9.5 million in 2019 was started to be recognized due to the adoption of PFRS16.

Income before income tax

As a result of the foregoing, income before income tax increased 17.3% to ₱2,292.9 million in 2019 from ₱1,954.6 million in 2018.

Provision for income tax

Provision for income tax increased by 17.3% to ₱679.9 million in 2019 from ₱579.4 million in 2018, primarily due to increase in taxable income.

Total comprehensive income

As a result of the foregoing, total comprehensive income increased by 17.3% to ₱1,613.0 million in 2019 from ₱1,375.2 million in 2018.

Year ended December 31, 2018 compared to year ended December 31, 2017

	(Audited) For the years ended December 31,		
	2017	**2018**	**% Change**
	(in millions of ₱)		
Revenue			
Rental income[1]	1,720.4	2,383.7	38.6%
Income from dues — net	355.8	494.9	39.1%
	2,076.2	2,878.6	38.6%
Other income	16.8	11.4	(32.1)%
	2,093.0	2,890.0	38.1%
Costs and Expenses			
Direct operating expenses	544.4	738.3	35.6%
General and administrative expenses	137.1	197.1	43.8%
Interest expense	-	-	
	681.5	935.4	37.3%
Income before income tax	1,411.5	1,954.6	38.5%
Provision for income tax	421.9	579.4	37.3%
Total comprehensive income	989.6	1,375.2	39.0%

Revenue

Revenue increased by 38.1% to ₱2,890.0 million in 2018 from ₱2,093.0 million in 2017 primarily driven by an increase in rental income. In particular, rental income increased by 38.6% to ₱2,383.7 million in from ₱1,720.4 million in 2017 as a result of the rental escalations and higher renewal rates, as well contribution from the newly completed offices.

Income from dues – net increased by 39.1% to ₱494.9 million in 2018 from ₱355.8 million in 2017 due to newly obtained lease contracts. Other income decreased by 32.1% to ₱11.4 million in 2018 from ₱16.8 million in 2017 because of the decrease in penalties from late payments.

Cost and expenses

Cost and expenses increased by 37.3% to ₱935.4 million in 2018 from ₱681.5 million in 2017.

Direct operating expenses increased by 35.6% to ₱738.3 million in 2018 from ₱544.4 million in 2017 and general and administrative expenses increased by 43.8% to ₱197.1 million in 2018 from ₱137.1 million in 2017 due to the additional expenses incurred by the newly completed offices.

Income before income tax

As a result of the foregoing, income before income tax increased 38.5% to ₱1,954.6 million in 2018 from ₱1,411.5 million in 2017.

Provision for income tax

Provision for income tax increased by 37.3% to ₱579.4 million in 2018 from ₱421.9 million in 2017, primarily due to higher taxable income.

Total comprehensive income

As a result of the foregoing, total comprehensive income increased by 39.0% to ₱1,375.2 million in 2018 from ₱989.6 million in 2017.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2021, Compared to December 31, 2020

Assets

Total assets as of June 30, 2021 stood at ₱10,423.0 million (U.S.$214.7 million), a deccrease of 2.9%, or ₱306.3 million, as compared to ₱10,729.2 million as of December 31, 2020. This increase was due to the following:

- Receivables, decreased by 1.1%, or ₱13.4 million, to ₱1,189.9 million as of June 30, 2021 from ₱1,203.2 million as of December 31, 2020 due to the decrease in accrued rent receivable and other receivables.

- Other current assets decreased by 13.4%, or ₱6.0 million, to ₱38.9 million as of June 30, 2021 from ₱44.9 million as of December 31, 2020 due to the decrease in prepaid real property taxes.

- Investment properties decreased by 3.0%, or ₱271.3 million, to ₱8,749.3 million as of June 30, 2021 from ₱9,020.6 million as of December 31, 2020 due to depreciation during the period.

- Property and equipment, decreased by 21.9%, or ₱0.3 million, to ₱1.2 million as of June 30, 2021 from ₱1.5 million as of December 31, 2020 due to depreciation during the period.

- Right-of-use assets decreased by 2.6%, or ₱10.7 million, to ₱402.0 million as of June 30, 2021 from ₱412.7 million as of December 31, 2020 due to amortization during the period.

- Other noncurrent assets decreased by 9.9%, or ₱4.6 million, to ₱41.6 million as of June 30, 201 from ₱46.2 million as of December 31, 2020 due to decrease in advances to suppliers and contractors.

Liabilities

Total liabilities as of June 30, 2021 stood at ₱2,139.5 million (U.S.$44.1 million), an decrease of 22.8%, or ₱631.0 million, as compared to ₱2,770.4 million as of December 31, 2020. This decrease was due to the following:

- Accounts payable and accrued expenses decreased by 36.4%, or ₱171.0 million, to ₱299.5 million as of June 30, 2021 from ₱470.5 million as of December 31, 2020 due to the decrease in trade payables and release of retention fees.

- Income tax payable decreased by 62.5%, or ₱365.3 million, to ₱219.4 million as of June 30, 2021 from ₱584.7 million as of December 31, 2020 due to the payment of 2020 income tax during the period.

- The current portion of deposits and other current liabilities increased by 7.9%, or ₱18.8 million, to ₱255.9 million as of June 30, 2021 from ₱237.1 million as of December 31, 2019 due to the reclass of of maturing security deposits during the period. Non-current deposits and other noncurrent liabilities decreased by 1.2%, or ₱9.4 million, to ₱782.1 million as of June 30, 2021 from ₱791.5 million as of December 31, 2020 due to the decrease in deferred credits.

- Deferred tax liablities, decreased by 19.7%, or ₱109.5 million, to ₱446.3 million as of June 30, 2021 from ₱555.7 million as of December 31, 2020 due to the change in regular corporate income tax from 30% to 25% beginning July 1, 2020 pursuant to CREATE Act.

- Lease liabilities increased by 4.1%, or ₱5.4 million, to ₱136.3 million as of June 30, 2021 from ₱130.9 million as of December 31, 2020 due to the accretion of interest expense.

As of December 31, 2020 Compared to December 31, 2019

Assets

Total assets as of December 31, 2020 stood at ₱10,729.2 million (U.S.$221.0 million), a decrease of 2.5%, or ₱278.4 million, as compared to ₱11,007.6 million as of December 31, 2019. This increase was due to the following:

- Cash decreased by 12.5%, or ₱0.0 million, to ₱0.1 million as of December 31, 2020 from ₱0.1 million as of December 31, 2019 due to decrease in revolving fund.

- Receivables, net increased by 30.7%, or ₱282.9 million, to ₱1,203.2 million as of December 31, 2020 from ₱920.3 million as of December 31, 2019 due to increase in trade receivables as a result of additional revenues recognized from the newly obtained lease contracts.

- Other current assets decreased by 16.1%, or ₱8.6 million, to ₱44.9 million as of December 31, 2020 from ₱53.5 million as of December 31, 2019 due to decrease in prepaid taxes.

- Investment properties decreased by 5.3%, or ₱505.0 million, to ₱9,020.6 million as of December 31, 2020 from ₱9,525.6 million as of December 31, 2019 due to depreciation during the year.

- Property and equipment, net decreased by 18.1%, or ₱0.4 million, to ₱1.5 million as of December 31, 2020 from ₱1.9 million as of December 31, 2019 due to depreciation during the year.

- Right-of-use assets decreased by 5.0%, or ₱21.6 million, to ₱412.7 million as of December 31, 2020 from ₱434.3 million as of December 31, 2019 due to amortization during the year.

- Other noncurrent assets decreased by 35.8%, or ₱25.7 million, to ₱46.2 million as of December 31, 2020 from ₱71.9 million as of December 31, 2019 due to decrease in advances to contractors and suppliers.

Liabilities

Total liabilities as of December 31, 2020 stood at ₱2,770.4 million (U.S.$57.1 million), an increase of 0.2%, or ₱6.0 million, as compared to ₱2,764.4 million as of December 31, 2019. This increase was due to the following:

- Accounts payable and accrued expenses decreased by 5.8%, or ₱29.1 million, to ₱470.5 million as of December 31, 2020 from ₱499.6 million as of December 31, 2019 due to decrease in trade payables.

- Income tax payable increased by 17.7%, or ₱88.0 million, to ₱584.7 million as of December 31, 2020 from ₱496.7 million as of December 31, 2019 due to higher provision for income tax.

- The current portion of deposits and other current liabilities decreased by 10.2%, or ₱26.8 million, to ₱237.1 million as of December 31, 2020 from ₱263.9 million as of December 31, 2019 due to refunds made to expired contracts. Non-current deposits and other noncurrent liabilities decreased by 6.4%, or ₱54.5 million, to ₱791.5 million as of December 31, 2020 from ₱846.0 million as of December 31, 2019 due to application advance rent.

- Deferred tax liabilities, net increased by 3.4%, or ₱18.2 million, to ₱555.7 million as of December 31, 2020 from ₱537.5 million as of December 31, 2019 due to tax effect of the amortization of right-of-use asset and increase in accrued rent income.

- Lease liabilities increased by 8.5%, or ₱10.2 million, to ₱130.9 million as of December 31, 2020 from ₱120.7 million as of December 31, 2019. The increase is attributable to interest expense recognized. See Note 7 of the Combined Carve-out Financial Statements.

As of December 31, 2019, Compared to December 31, 2018

Assets

Total assets as of December 31, 2019 stood at ₱11,007.6 million, a decrease of 1.4%, or ₱157.9 million, as compared to ₱11,165.5 million as of December 31, 2018. This decrease was due to the following:

- Receivables, net increased by 21.2%, or ₱160.7 million, to ₱920.3 million as of December 31, 2019 from ₱759.6 million as of December 31, 2018 due to increase in trade receivables as a result of additional revenues recognized from the newly obtained lease contracts.

- Other current assets decreased by 87.4%, or ₱372.6 million, to ₱53.5 million as of December 31, 2019 from ₱426.1 million as of December 31, 2018 due to reclassification of prepaid rent to right-of-use asset and lease liabilities brought by the adoption of PFRS16.

- Investment properties decreased by 3.6%, or ₱353.6 million, to ₱9,525.6 million as of December 31, 2019 from ₱9,879.2 million as of December 31, 2018 due to depreciation during the year.

- Property and equipment, net decreased by 22.6%, or ₱0.5 million, to ₱1.9 million as of December 31, 2019 from ₱2.4 million as of December 31, 2018 due to depreciation during the year.

- Right-of-use assets increased by ₱434.3 million as of December 31, 2019 from nil as of December 31, 2018 due to first time adoption of PFRS16.

- Other noncurrent assets decreased by 26.7%, or ₱26.2 million, to ₱71.9 million as of December 31, 2019 from ₱98.1 million as of December 31, 2018 due to decrease in advances to suppliers and contractors.

Liabilities

Total liabilities as of December 31, 2019 stood at ₱2,764.4 million, an increase of 13.9%, or ₱337.3 million, as compared to ₱2,427.1 million as of December 31, 2018. This increase was due to the following:

- Accounts payable and accrued expenses decreased by 9.6%, or ₱53.1 million, to ₱499.6 million as of December 31, 2019 from ₱552.7 million as of December 31, 2018 due to decrease in trade payables.

- Income tax payable increased by 38.0%, or ₱136.9 million, to ₱496.7 million as of December 31, 2019 from ₱359.8 million as of December 31, 2018 due to higher provision for income tax.

- The current portion of deposits and other current liabilities decreased by 12.0%, or ₱35.9 million, to ₱263.9 million as of December 31, 2019 from ₱299.8 million as of December 31, 2018 due to refunds made for the expired contracts. Non-current deposits and other noncurrent liabilities increased by 19.6%, or ₱138.4 million, to ₱846.0 million as of December 31, 2019 from ₱707.6 million as of December 31, 2018 due to newly obtained lease contracts.

- Deferred tax liabilities, net increased by 6.0%, or ₱30.3 million, to ₱537.5 million as of December 31, 2019 from ₱507.2 million as of December 31, 2018 due to tax effect of the accrued rent income and amortization of capitalized interest expense.

- Lease liabilities increased ₱120.7 million as of December 31, 2019 from nil as of December 31, 2018 due to first time adoption of PFRS16.

As of December 31, 2018 Compared to December 31, 2017

Total Assets

Total assets as of December 31, 2018 stood at ₱11,165.5 million, an increase of 5.8%, or ₱611.3 million, as compared to ₱10,554.2 million as of December 31, 2017. This increase was due to the following:

- Cash increased by 60.0%, or ₱0.0 million, to ₱0.1 million as of December 31, 2018 from ₱0.1 million as of December 31, 2017 due to increase in revolving fund.

- Receivables, net increased by 63.6%, or ₱295.2 million, to ₱759.6 million as of December 31, 2018 from ₱464.4 million as of December 31, 2017 due to increase in trade receivables as a result of additional revenues recognized from the newly obtained lease contracts.

- Other current assets decreased by 22.0%, or ₱120.4 million, to ₱426.1 million as of December 31, 2018 from ₱546.5 million as of December 31, 2017 due to amortization of prepaid rent and decrease in net input vat.

- Investment properties increased by 6.1%, or ₱567.1 million, to ₱9,879.2 million as of December 31, 2018 from ₱9,312.1 million as of December 31, 2017 due to newly completed offices offset by the depreciation during the year.

- Property and equipment, net increased by 88.4%, or ₱1.1 million, to ₱2.4 million as of December 31, 2018 from ₱1.3 million as of December 31, 2017 due to newly completed offices offset by the depreciation during the year.

- Other noncurrent assets decreased by 57.3%, or ₱131.8 million, to ₱98.1 million as of December 31, 2018 from ₱229.9 million as of December 31, 2017 due to decrease in advances to suppliers and contractors.

Total Liabilities

Total liabilities as of December 31, 2018 stood at ₱2,427.1 million, an increase of 19.3%, or ₱392.6 million, as compared to ₱2,034.5 million as of December 31, 2017. This increase was due to the following:

- Accounts payable and accrued expenses increased by 1.7%, or ₱9.0million, to ₱552.7 million as of December 31, 2018 from ₱543.7 million as of December 31, 2017 due to increase in accrued management fee and other expenses.

- Income tax payable increased by 69.2%, or ₱147.2 million, to ₱359.8 million as of December 31, 2018 from ₱212.6 million as of December 31, 2017 due to higher provision for income tax.

- The current portion of deposits and other current liabilities increased by 114.0%, or ₱159.6 million, to ₱299.8 million as of December 31, 2018 from ₱140.2 million as of December 31, 2017 due to new deposits from lessees. In particular, the reclassification of maturing contracts in 2018 from non-current to current resulted in an increase in current portion of deposits. Non-current deposits and other noncurrent liabilities decreased by 4.1%, or ₱30.5 million, to ₱707.6 million as of December 31, 2018 from ₱738.1 million as of December 31, 2017 due to increase in advance rent.

- Deferred tax liabilities, net increased by 26.8%, or ₱107.3 million, to ₱507.2 million as of December 31, 2018 from ₱399.9 million as of December 31, 2017 due to tax effect of the accrued rent income, prepaid rent and amortization of capitalized interest.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically met our liquidity requirements principally through a combination of cash flow from our operations and capital infusion from our parent company. Our principal uses of cash have been, and are expected to continue to be, operating costs, as well as capital expenditures for construction, maintenance and/or acquisitions. In the future, we expect to fund our working capital requirements primarily from a combination of internally-generated funds, bank borrowings and/or capital infusions from shareholders.

Cash Flows

The following discussion of our cash flows for 2017, 2018, 2019 and 2020 and for the six months ended June 30, 2020 and 2021 should be read in conjunction with the statements of cash flows included in the Combined Carve-out Financial Statements.

	For the year ended December 31,					For the six months ended June 30,		
	2017	2018	2019	2020	2020	2020	2021	
	₱ millions (Audited)				U.S.$ million (Unaudited)	₱ millions (Audited)		U.S.$ million (Unaudited)
Cash flow from operating activities								
Net cash flows provided by operating activities	1,724.3	2,112.6	2,316.7	2,080.4	42.9	752.4	856.7	17.6
Cash flow from investing activities								
Net cash flows provided by (used in) investing activities	(2,278.0)	(830.7)	(198.3)	(21.8)	(0.5)	(21.3)	1.6	0.0
Cash flow from financing activity								
Contributions to (distributions of) invested equity	553.7	(1,281.8)	(2,118.4)	(2,058.6)	(42.4)	(731.1)	(858.3)	(17.6)
Net increase (decrease) in cash and cash equivalents	0.0	0.1	0.0	0.0	(0.0)	0.0	0.0	0.0
Cash at beginning of year	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.0
Cash at end of year	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.0

Net cash flows provided by operating activities

Net cash flows provided by operating activities were ₱856.7 million (U.S.$17.6 million) for the six months ended June 30, 2021. Our operating income before working capital changes was ₱1,638.0 million (U.S.$33.7 million) which was offset by decrease in accounts and other payables, receivables and other current assets, and decrease in deposits from tenants. We paid taxes of ₱639.0 million (U.S.$13.2 million).

Net cash flows provided by operating activities were ₱2,080.4 million (U.S.$42.9 million) in 2020. Our operating income before working capital changes was ₱3,087.0 million (U.S.$64.3 million) which was offset by increase in receivables, and decrease in other current assets, accounts and other payables, and deposits from tenants. We paid taxes of ₱622.0 million (U.S.$12.9 million).

Net cash flows provided by operating activities were ₱2,316.7 million in 2019. Our operating income before working capital changes was ₱2,912.9 million which was offset by increase in receivables and deposits from tenants and decrease in other current assets, accounts and other payables. We paid taxes of ₱512.8 million.

Net cash flows provided by operating activities were ₱2,112.6 million in 2018. Our operating income before working capital changes was ₱2,474.2 million which was offset by increase in receivables, accounts and other payables, and deposits from tenants and decrease in other current assets. We paid taxes of ₱325.0 million.

Net cash flows provided by operating activities were ₱1,724.3 million in 2017. Our operating income before working capital changes was ₱1,800.7 million which was offset by increase in receivables, accounts and other payables, and deposits from tenants and decrease in other current assets. We paid taxes of ₱408.1 million.

Net cash flows used in investing activities

For the six months ended June 30, 2021, our net cash flows used in investing activities were ₱1.6 million (U.S.$0.0 million). The cash outflow primarily consisted of additions to investment property and property and equipment, partially offset by decrease in other noncurrent assets.

In 2020, our net cash flows used in investing activities were ₱21.8 million (U.S.$0.5 million). The cash outflow primarily consisted of additions to investment property and property and equipment, partially offset by decrease in other noncurrent assets.

In 2019, our net cash flows used in investing activities were ₱198.3 million. The cash outflow primarily consisted of additions to investment property and property and equipment, partially offset by decrease in other noncurrent assets.

In 2018, our net cash flows used in investing activities were ₱830.7 million. The cash outflow primarily consisted of additions to investment property and property and equipment, partially offset by decrease in other noncurrent assets.

In 2017, our net cash flows used in investing activities were ₱2,278.0 million. The cash outflow primarily consisted of additions to investment property and property and equipment, partially offset by decrease in other noncurrent assets.

Cash flows from financing activity

Cash flows from financing activity pertains to distributions of invested equity of ₱858.3 million (U.S.$17.6 million for the six months ended June 30, 2021.

Cash flows from financing activity pertains to distributions of invested equity of ₱2,058.6 million (U.S.$42.4 million) in 2020.

Cash flows from financing activity pertains to distributions of invested equity of ₱2,118.4 million in 2019.

Cash flows from financing activity pertains to distributions of invested equity of ₱1,281.8 million in 2018.

Cash flows from financing activity pertains to contributions of invested equity of ₱553.7 million in 2017.

Invested equity pertains to the assets attributable to the combined assets, excluding the cumulative earnings, in connection with the preparation of the Combined Carve-out Financial Statements. Invested equity does not necessarily reflect the consolidated amounts of the Company's shareholders would have been had the infusion of assets as disclosed in Note 1 of the Combined Carve-out Financial statements been completed, nor had our Company been a separate stand-alone entity, during the periods presented. Invested equity is used to capture the capital/contributions/distributions movement as well as the accumulated results of operations. This would be equivalent to equity such as capital and retained earnings in the historical financial statements. The Assigned Properties are not legal entities and as such, have not issued at their level, their own shares of stock. Thus, there is no equivalent of retained earnings that may be presented in the Combined Carve-out Financial Statements.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of June 30, 2021:

	Total	2021	2022 to 2026	Over 5 Years
		(in ₱ millions)		
Long-term liabilities[1]	1,038.0	255.9	623.8	158.3
Lease liabilities	412.0	0.0	0.0	412.0
Trade and other payables	298.6	298.6	0.0	0.0
Total	**1,748.6**	**554.5**	**623.8**	**570.3**

Note: (1) Long-term liabilities pertain to deposits from customers.

Capital Expenditures

Historically, capital expenditure comprises renovations and additions during the year to property, plant and equipment, investment property and investment property under development. As part of our strategy, we plan to acquire income-producing commercial assets leased primarily for office purposes and strategically located in major CBDs and key cities across the Philippines.

The table below set out the capital expenditures during the periods indicated.

	For the year ended December 31,				For the six months ended June 30,	
	2018	2019	2020		2021	
	(in millions)					
	₱			U.S.$	₱	U.S.$
Investment properties	960.1	224.0	47.2	1.0	3.0	0.1
Property and equipment	1.8	0.5	0.4	0.0	0.0	0.0
Total	**961.9**	**224.5**	**47.6**	**1.0**	**3.0**	**0.1**

Historically, funding for capital expenditures was sourced through internally-generated funds and capital infusions from the parent company, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders. In the last three years, capital expenditures for repairs and maintenance was approximately 1% of rental income.

For 2021, our Company plans to appropriate 1.5% of rental income for capital expenditures. These primarily relate to building maintenance. See "*Profit Forecast and Profit Projection*." Although these are our current plans with respect to our capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to grow our portfolio, we may incur additional capital expenditures.

Expenditures incurred after an asset has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the asset.

As a general practice, our Company may obtain clean loans accretive to the property that put our Company and our Properties at minimal risk. The Company takes a prudent approach to financial management and cost control, closely monitoring our capital and cash positions and maintaining discipline in our capital commitments. In the event that we borrow or secure financing in the future, we may employ debt, equity or a healthy mix of debt and equity to fund our operations.

The acquisition of assets from the Sponsor will be done through a property-for-share swap transaction (via Tax-free exchange). The acquisition of assets from third parties or other developers aside from the Sponsor may be fund through borrowing from banks.

Indebtedness

We do not have any outstanding loan payables as of December 31, 2017, 2018, 2019 and 2020 and as of June 30, 2021.

Off-Balance Sheet Arrangements

As of June 30, 2021, there were no off-balance sheet arrangements or obligations that were likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

KEY PERFORMANCE INDICATORS

We set out below certain performance indicators that we employ in period-to-period analysis and comparison of financial data.

Key Financial Figures and Ratios	As of or for the year ended December 31, 2017	2018	2019	2020	2020	As of or for the six months ended June 30, 2021	
					U.S.$ (in millions)	₱ (in millions)	U.S.$ (in millions)
Rental Revenues (in ₱ millions)	1,720.4	2,383.7	2,723.8	2,952.0	60.8	1,580.8	32.6
Income from Dues (in ₱ millions)	-	-	-	-	-	295.4	6.1

Income from Dues-net (in ₱ millions)	355.8	494.9	597.0	624.0	12.9	29.2	0.6
Recurring Income (in ₱ millions)[1]	2,076.2	2,878.6	3,320.8	3,576.0	73.7	1,905.4	39.3
Gross Revenues[2]	2,093.0	2,890.0	3,331.4	3,580.9	73.8	1,909.8	39.3
Recurring Income Contribution[1]	**0.99**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
Current Assets (in ₱ millions)	1,010.9	1,185.8	973.9	1,248.2	25.7	1,228.8	25.3
Current Liabilities (in ₱ millions)	896.5	1,212.3	1,260.2	1,292.3	26.6	774.8	16.0
Current Ratio[3]	**1.13**	**0.99**	**0.78**	**0.97**	**0.97**	**1.59**	**1.59**
Total Debt (in ₱ millions)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Shareholders' Equity (in ₱ millions)	**8,519.7**	**8,738.4**	**8,243.2**	**7,958.8**	**163.9**	**8,283.5**	**170.6**
Debt to Equity Ratio [4]	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Net Income (in ₱ millions)	989.6	1,375.2	1,613.0	1,774.1	36.6	1,183.0	24.4
Return on Equity[5]	**0.13**	**0.16**	**0.19**	**0.22**	**0.22**	0.14	0.14
Total Assets (in ₱ millions)	10,554.2	11,165.5	11,007.6	10,729.2	221.0	10,422.9	214.7
Asset to Equity Ratio[6]	**1.24**	**1.28**	**1.34**	**1.35**	**1.35**	**1.26**	**1.26**

Notes:

(1) Recurring income contribution measures the stability of the Company's income source and is derived by dividing recurring income by gross revenues. Recurring income consists of rental income, income from dues, and income from dues – net.

(2) Gross revenues consist of rental income, income from dues, income from dues-net, and other income.

(3) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures our Company's ability to pay short-term obligations.

(4) Debt to equity ratio is derived by dividing interest-bearing liabilities (short-term debt and long-term debt) by total shareholders' equity. The debt to equity ratio measures the degree of our financial leverage. RLC REIT does not have indebtedness as of December 31, 2020, 2019, 2018 and 2017 and June 30,2021.

(5) Return on equity is derived by dividing net income by average total shareholders' equity.

(6) Asset to equity ratio is derived by dividing total assets by total shareholders' equity. The asset to equity ratio measures our Company's financial leverage and long-term solvency.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Our Company's principal financial instruments comprise of cash, receivables, accounts and other payables and security deposits which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

We review policies for managing each of these risks and monitor market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the Board.

Exposure to credit, interest rate and liquidity risks arise in the normal course of our Company's business activities. The main objectives of our Company's financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Our Company's finance and treasury functions operate as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, we maintain defined credit policies and monitor on a continuous basis our Company's exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce our Company's credit risk exposure in case of default by the tenants. For existing tenants, we have put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

The lease contracts with our tenants provide for a penalty provision in case of default in the monthly rental overpayment. Unpaid and overdue rentals are subject to interest charges at the rate of three percent (3%) per month, or the maximum prevailing interest rate by law or commercial practice, whichever is higher. In addition, the Company may impose a penalt of five percent (5%) per month on all delinquent accounts which includes unpaid rentals with interest, at the end of the calendar month.

Liquidity Risk

Our Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. Our Company's policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through long-term debt, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, we also assess our Company's ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost.

There are no events that will trigger direct or contingent financial obligation that is material to our Company, including any default or acceleration of an obligation. There are no material commitments for capital expenditures. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are no significant elements of income or loss that did not arise from our Company's continuing operations. There are no seasonal aspects that have a material effect on the financial condition or results of operations of our Company.

PROFIT FORECAST AND PROFIT PROJECTION

This section contains forward-looking statements, which are based on the assumptions set forth in this section of the REIT Plan and are subject to certain risks and uncertainties which could cause actual results to differ materially from estimates, forecasts and projections. Under no circumstances should the inclusion of such information herein be regarded as a representation, guarantee, warranty or prediction with respect to the accuracy of the underlying assumptions by any of our Company, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter and the Local Underwriters, the Sponsor or any other party involved in the Offer, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Shares are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this REIT Plan.

The projections are based upon a number of assumptions and forecasts that are subject to significant business, macroeconomic and competitive uncertainties and contingencies, many of which are beyond the Company's control. Depending upon operating, macroeconomic and other business conditions, the Company may adopt or vary its operating, financing and other business decisions in ways which could cause the Company's actual financial results, taken on a consolidated basis, to materially vary from those set out in this section.

The Company's business involves a significant number of risks, uncertainties and other factors that could cause its future performance, financial condition and results of operation to vary significantly from the projections forecasts and therefore the Company cannot provide any assurance that the projections forecasts will accurately reflect its future results. In consideration of these risks and uncertainties associated with the projections and forecasts, any investor who views the projections and forecasts at or about the time that such investor is making an investment decision with respect to any of the Company's securities should not rely upon projections or forecasts in making such investment decision.

These projections and forecasts do not, under any circumstances, create any implication that the information and assumptions used herein are correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

The Philippine SEC does not recommend any investments or investment strategies and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this REIT Plan.

None of the Company, the Joint Global Coordinators, the International Bookrunners, the Local Underwriters, the Sponsor, or any other party involved in the Offer guarantee the performance of our Company, the repayment of capital or the payment of any distributions, or any particular return on the Shares. The forecast and projected yields stated in the following table are calculated based on:

- *The Offer Price; and*
- *The assumption that the Listing Date is September 01, 2021.*

Such yields will vary accordingly if the Listing Date is not September 1, 2021, or for investors who purchase Shares in the secondary market at a market price that differs from the Offer Price. For the avoidance of doubt, Shareholders shall only be entitled to dividends of the Company if they are shareholders as of the record date of such dividend declaration. The following table shows the Company's projected Statements of Comprehensive Income and Distribution for the four-month period commencing on September 1, 2021 and ending on December 31, 2021 (the "**Forecast Period 2021**"), and the year ending December 31, 2022 (the "**Projection Year 2022**"). The financial year end of the Company is December 31. The projected profit for Forecast Period 2021 (the "**Profit Forecast**") and Projection Year 2022 (the "**Profit Projection**") may be different to the extent that the actual date of sale of Shares is other than September 1, 2021, being the assumed date of the sale of the Offer Shares.

The Company is solely responsible for the Profit Forecast and Profit Projection, including the assumptions set out on in this REIT Plan.

FORECAST AND PROJECTED STATEMENTS OF COMPREHENSIVE INCOME AND DISTRIBUTION

The Profit Forecast (for the four-month period commencing September 1, 2021 and ending December 31, 2021) and Profit Projection are set forth below:

	Forecast Period 2021 (Four Months from September 1, 2021 to December 31, 2021)	Projection Year 2022 (Full Year from January 1 to December 31, 2022)
	(Unaudited)	(Unaudited)
	(₱ million)	(₱ million)
REVENUES		
Rental income	1,319.1	3,967.4
Income from dues	265.2	814.4
Income from dues – net	20.2	69.5
	1,604.5	4,851.3
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES		
Increase in fair value of investment properties	–	–
Straight-line adjustment	(12.0)	92.3
Lease commissions	(9.5)	(10.4)
	(21.5)	81.9
	1,583.0	4,933.2
COSTS AND EXPENSES		
Direct operating expenses	204.3	631.3
General and administrative expenses	160.3	387.0
Interest expense	3.7	12.0
	368.3	1,030.3
INCOME BEFORE INCOME TAX	1,214.7	3,902.9
Provision for income tax	4.2	15.7
NET INCOME	**1,210.5**	**3,887.2**
TOTAL COMPREHENSIVE INCOME	**1,210.5**	**3,887.2**
Fair value change in investment properties	21.5	(81.9)
DISTRIBUTABLE INCOME	**1,232.0**	**3,805.3**
Maintenance capital expenditures	(19.8)	(59.5)
Straight-line adjustment	(12.0)	92.3
Lease commissions	(9.5)	(10.4)
ADJUSTED FUNDS FROM OPERATIONS	**1,190.7**	**3,827.7**

ASSUMPTIONS

We have prepared the Profit Forecast and Profit Projection on the following assumptions. We consider these assumptions to be appropriate and reasonable as at the date of this REIT Plan. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of our Company.

Revenue and Net Operating Income Contribution of Each Property

The forecast and projected contributions of each of the Properties to the Revenue are as follows:

Contribution to Revenue	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Robinsons Equitable Tower	59.3	3.7%	179.6	3.7%
Robinsons Summit Center	209.8	13.1%	618.1	12.7%
Cyberscape Alpha	219.9	13.7%	635.9	13.1%
Cyberscape Beta	167.0	10.4%	495.7	10.2%
Tera Tower	113.2	7.0%	346.3	7.1%
Cyber Sigma	203.6	12.7%	629.5	13.0%
Exxa-Zeta Tower	228.8	14.3%	713.5	14.7%
Robinsons Cybergate Center 2	144.4	9.0%	443.8	9.1%
Robinsons Cybergate Center 3	163.6	10.2%	504.3	10.4%
Robinsons Cybergate Cebu	13.9	0.9%	41.9	0.9%
Galleria Cebu	21.0	1.3%	63.0	1.3%
Luisita BTS 1	15.3	0.9%	46.0	1.0%
Cybergate Naga	15.7	1.0%	42.7	0.9%
Cybergate Delta 1	29.0	1.8%	91.0	1.9%
Total	1,604.5	100.0%	4,851.3	100.0%

The forecast and projected contributions of each of the Properties to the Net Operating Income are as follows:

Contribution to Net Operating Income	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Robinsons Equitable Tower	49.0	4.0%	157.3	4.0%
Robinsons Summit Center	171.0	14.1%	539.2	13.8%
Cyberscape Alpha	153.4	12.6%	467.3	12.0%
Cyberscape Beta	120.4	9.9%	404.0	10.4%
Tera Tower	90.2	7.4%	281.4	7.2%
Cyber Sigma	161.4	13.3%	524.4	13.4%
Exxa-Zeta Tower	173.6	14.3%	582.4	14.9%
Robinsons Cybergate Center 2	106.4	8.8%	336.8	8.6%
Robinsons Cybergate Center 3	123.4	10.2%	398.0	10.2%
Robinsons Cybergate Cebu	10.6	0.9%	33.6	0.9%
Galleria Cebu	15.4	1.2%	47.9	1.2%
Luisita BTS 1	10.0	0.8%	31.4	0.8%
Cybergate Naga	10.6	0.9%	34.7	0.9%
Cybergate Delta 1	19.3	1.6%	64.5	1.7%
Total	1,214.7	100.0%	3,902.9	100.0%

Note: Net operating income is calculated as revenue plus fair value change in investment property less cost and expenses.

REVENUE

Revenue comprises:

- Rental Income from office, retail and parking components of the Properties; and
- Income from dues pertains to recoveries from tenants for the usage of common area and aircon.

Rental Income

The forecast and projected Rental Income for the Properties are estimated as follows:

Rental Income	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Robinsons Equitable Tower	54.1	4.1%	163.7	4.1%
Robinsons Summit Center	194.8	14.8%	564.4	14.2%
Cyberscape Alpha	191.2	14.5%	544.4	13.7%
Cyberscape Beta	136.2	10.3%	402.7	10.2%
Tera Tower	90.1	6.8%	274.7	6.9%
Cyber Sigma	169.9	12.9%	524.0	13.2%
Exxa-Zeta Tower	179.0	13.6%	560.0	14.1%
Robinsons Cybergate Center 2	108.8	8.2%	340.5	8.6%
Robinsons Cybergate Center 3	127.6	9.7%	391.2	9.9%
Robinsons Cybergate Cebu	8.8	0.7%	26.4	0.7%
Galleria Cebu	14.5	1.1%	43.6	1.1%
Luisita BTS 1	11.6	0.9%	34.8	0.9%
Cybergate Naga	11.4	0.8%	29.4	0.7%
Cybergate Delta 1	21.1	1.6%	67.6	1.7%
Total	1,319.1	100.0%	3,967.4	100.0%

The following assumptions are considered by the Company to project the Rental Income:

- Rental Income presented above includes the effect of straight-line basis of accounting over the lease term, in compliance with PFRS 16, *Leases*. For the Forecast Period 2021 and Projection Year 2022, the Company recognized adjustments from straight-line method of ₱12.0 million increase and ₱92.3 million decrease in rental income, respectively.

- The Profit Forecast and Profit Projection are based on executed contract of leases as of June 30, 2021. Existing contracts of leases typically have tenancy periods of between three and five years. Rental escalation provisions of typically 3% to 5% per year are also built into the Company's existing leases. Lease rates pertaining to renewals of existing leases are based on market rental rates.

Income from dues

Income from dues pertains to recoveries from tenants for the usage of common usage service (CUSA) and air-conditioning services. This account consists of:

	Forecast Period 2021 (Unaudited)	Projection Year 2022 (Unaudited)
	(₱ million)	(₱ million)
CUSA	253.3	775.8
Air-conditioning	11.9	38.6
Total	265.2	814.4

Below are the assumptions used in computing for income from dues:

- Income from dues are recognized when the related services are rendered. Association dues and air-conditioning charges are computed based on rates stated on the executed contracts of lease multiplied by the gross leasable area occupied by the tenant.

Income from Dues – net

Income from dues - net pertain to CUSA and air-conditioning services of the condominium units where the Company determined that it is acting as an agent for these services. This account consists of:

	Forecast Period 2021 (Unaudited)	Projection Year 2022 (Unaudited)
	(₱ million)	**(₱ million)**
Dues	35.9	124.3
Less direct cost	15.7	54.8
Total	20.2	69.5

Below are the assumptions used in computing for dues – net:

- Dues - net are recognized when the related services are rendered. Association dues and air-conditioning charges in excess of actual charges and consumption are recorded as revenue. Dues is presented net of related costs and expenses.

COST AND EXPENSES

Cost and expenses consist of:

- Direct operating expenses; and
- General and administrative expenses

Direct Operating Expenses

Direct operating expenses for the Properties comprised of:

	Forecast Period 2021 (Unaudited)	Projection Year 2022 (Unaudited)
	(₱ million)	**(₱ million)**
Fund management fee	72.1	226.7
Property management fee	66.1	208.3
Contracted services	24.4	76.3
Repairs and maintenance	22.3	66.4
Interest expense on accretion of security deposits	12.2	32.1
Amortization of right-of-use asset	7.2	21.5
	204.3	631.3

Assumptions which have been considered in calculating the direct operating expenses are as follows:

Fund Management Fee

The Fund Management Fee is calculated as follows:

<table>
<tr><td rowspan="5">Fund Management Fee</td><td rowspan="5">=</td><td>Management Fee
= 0.10% of Deposited Property Value and Fair Value of leasehold assets(1) for the relevant period + 3.5% of EBITDA(2) before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period</td></tr>
<tr><td>plus</td></tr>
<tr><td>Acquisition Fee (if applicable)
= 1% of acquisition price for every acquisition made</td></tr>
<tr><td>plus</td></tr>
<tr><td>Divestment Fee (if applicable)
= 0.50% of the selling price for every property divested</td></tr>
</table>

Notes:

(1) For purposes of determining Deposited Property Value and Fair Value of leasehold assets on a quarterly basis, the Deposited Property Value of the Company's assets and the Fair Value of the assets leased by the Company as of the last day of the immediately preceding calendar quarter divided by four shall be used as the basis. The Deposited Property Value is determined with reference to latest appraisal of the Portfolio, including the appraised valuation of the leasehold assets, which will be conducted at least once a year by an accredited external property valuer.

(2) The Fund Manager shall be paid the Management Fee based on an unaudited computation of the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the relevant quarter, without taking into consideration accounting adjustments.

In the event that there is a discrepancy in the unaudited and audited figures of EBITDA and in the valuation of the Company's assets, the Management Fee paid to the Fund Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Fund Management Fee is exclusive of all applicable taxes.

The Fund Management Fee shall be due and payable to the Fund Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Fund Management Fee is to be applied. The computation for the Fund Management Fee shall be reviewed every five years.

Property Management Fee

The Property Management Fee is calculated as follows:

<table>
<tr><td rowspan="3">Property Management Fee</td><td rowspan="3">=</td><td>3% of Gross Rental Income(1) for the relevant period</td></tr>
<tr><td>plus</td></tr>
<tr><td>2% of EBITDA(2) before deduction of fees payable to the Fund Manager and Property Manager for the relevant period</td></tr>
</table>

Notes:

(1) For purposes of determining the Property Management Fee, Gross Rental Income and EBITDA will be based on an unaudited computation of the Company's Gross Rental Income and EBITDA for the relevant quarter without taking into consideration accounting adjustments.

(2) EBITDA is calculated as the earnings before interest, taxes, depreciation and amortization before deduction of fees payable to the Fund Manager and Property Manager for the relevant period.

In the event that there is a discrepancy in the unaudited and audited figutes of the Gross Rental Income and EBITDA, the Property Management Fee paid to the Property Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Property Management Fee is exclusive of all applicable taxes.

The Property Management Fee shall be due and payable to the Property Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Property Management Fee is to be applied. The computation for the Property Management Fee shall be reviewed every five years.

Repairs and Maintenance

Repairs and maintenance expenses are estimated based on historical expenses and are also adjusted for inflation at a rate of 3%.

Contract services

Contracted services are calculated based on historical expenses and are also adjusted for inflation at a rate of 3%.

Interest expense on accretion of security deposits

Interest expense on accretion of security deposits has been estimated based on the discount rate at the time of receipt of security deposits.

The Company assumed that no additional security deposits will be received for the Forecast Period 2021 and Projection Year 2022.

Amortization of right-of-use assets

Amortization of right-of-use assets are recognized from the lease agreement of the Company with Bases Conversion Development Authority (BCDA).

General and administrative expenses

General and administrative expense	**Forecast Period 2021 (Unaudited)**	**Projection Year 2022 (Unaudited)**
	(₱ million)	**(₱ million)**
Rent	63.0	190.1
Taxes and licenses	38.5	128.7
Professional fees	35.4	6.6
Utilities	9.6	29.0
Insurance	6.3	20.7
Supplies	1.2	3.5
Association dues	0.2	0.6
Communication	0.2	0.7
Others	5.9	7.0
Total	160.3	386.9

Assumptions which have been considered in calculating the general and administrative expenses are as follows:

Rental Expense

Rental expense pertains to land and building lease where the Properties are located. These are computed based on the terms stated in the land and building lease agreements for each of the Properties. Rent is based on percentage of gross rental income from parking, retail, and office tenants. The lease rate is 7% of rental income of the property.

Taxes and Licenses

Taxes and licenses consists of business permit and real property taxes and listing fees incurred incidental to the initial public offering. Business permit is based on historical cost which is percentage of gross revenues. Real property taxes are also estimated using historical costs. Amounts are also adjusted for 3% provision for possible increase in assessments.

Professional fees

Professional fees contain crossing charges related to trading of shares, and legal and audit fees.

Utilities

Utilities are charges based on actual consumption of tenants. For Forecast Period 2021 and Projection Year 2022, these are computed using historical consumptions of tenants and historical rates and are also adjusted for inflation at a rate of 3%.

Insurance

Insurance pertains to the Company's properties insurance, the premiums for all risk insurance, business interruption policies and property damage coverage. This is being assessed and paid annually. Amount and scope of insurance coverage is being estimated based on the Company's current insurance policies. Insurance is estimated based on historical expenses and are also adjusted for inflation at a rate of 3%.

Supplies

Supplies are estimated based on historical expenses and are also adjusted for inflation at a rate of 3%.

Communication

Communication is estimated based on historical expenses and are also adjusted for inflation at a rate of 3%.

Interest expense

Interest pertains to accretion of lease liabilities on the lease agreement of the Company with BCDA and has been estimated based on the applicable incremental borrowing rate on 8.45%.

PROVISION FOR INCOME TAX

Provision for income tax pertains to deferred tax.

For Forecast Period 2021 and Projection Year 2022, there is no current tax expense recognized since the Company will be paying out more than 100% of its Distributable Income as dividends.

See the section on "Regulatory and Environmental Matters" in this REIT Plan for further details regarding taxes.

CAPITAL EXPENDITURE

Capital expenditure incurred is expected to be capitalized as part of the Deposited Property. The following table sets out the expected capital expenditure for Forecast Period 2021 and Projection Year 2022:

Capital Expenditure	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)	
	(₱ million)	(%)	(₱ million)	(%)
Robinsons Equitable Tower	0.8	4.0%	2.5	4.2%
Robinsons Summit Center	2.9	14.7%	8.5	14.3%
Cyberscape Alpha	2.9	14.7%	8.2	13.8%
Cyberscape Beta	2.0	10.1%	6.0	10.1%
Tera Tower	1.4	7.1%	4.1	6.9%
Cyber Sigma	2.6	13.1%	7.9	13.3%
Exxa-Zeta Tower	2.7	13.6%	8.4	14.1%
Robinsons Cybergate Center 2	1.6	8.1%	5.1	8.5%
Robinsons Cybergate Center 3	1.9	9.6%	5.9	9.9%
Robinsons Cybergate Cebu	0.1	0.5%	0.4	0.7%
Galleria Cebu	0.2	1.0%	0.6	1.0%
Luisita BTS 1	0.2	1.0%	0.5	0.8%
Cybergate Naga	0.2	1.0%	0.4	0.7%

Cybergate Delta 1	0.3	1.5%	1.0	1.7%
Total	19.8	100.0%	59.5	100.0%

ACCOUNTING STANDARDS

The Company has adopted the Philippine Financial Reporting Standards (PFRSs).

The Company assumes that the change in applicable accounting standards or other financial reporting requirement will not have a material effect on the Profit Forecast and Profit Projection. Significant accounting policies adopted by the Company in the preparation of the Profit Forecast and Profit Projection are set out in the Audited Financial Statements of the RLC REIT Properties as at June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020, except for investment properties which in Profit Forecast and Profit Projection are accounted for under fair value method of accounting. .

OTHER ASSUMPTIONS

The Company has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- the Company did not assume additional property acquisitions during Forecast Period 2021 and Projection Year 2022

- the fair values of the property portfolio are computed using income approach and remain unchanged during Forecast Period 2021 and Projection Year 2022;

- apart from the initial public offering in September 1, 2020, the Company assumed that there are no further equity or debt capital raised during Forecast Period 2021 and Projection Year 2022;

- there will be no pre-termination of any committed leases (unless notice has already been given);

- there will be no change in the applicable tax legislation, other applicable legislation, or regulatory or juridical interpretation of the same for Forecast Period 2021 and Projection Year 2022, except as disclosed (See the section entitled "Taxation and "Legal Matters" in this REIT Plan for further details);

- all leases and licenses as of September 1, 2021 are enforceable and will be performed in accordance with their terms during the Forecast Period 2021 and Projection Year 2022; and

- in accordance with PFRS 16, the Company did not recognize a right-of-use asset and lease liabilities for the lease payments for land where the properties are situated and buildings since the lease payments of the Company under the said existing land lease contracts are purely variable and are linked to the future performance or use of the underlying assets

- Transaction costs that are directly attributable to issuing new shares are deducted from equity, net of any related income tax benefit. Costs that are not directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income. Transactions costs that relate jointly to more than one transaction is allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions. The Company followed the allocation discussed in PIC Q&A No. 2018-13 PFRS 9, *Financial Instruments: Presentation,* which is based on the proportion of the number of new shares sold compared to the total number of outstanding shares immediately after the new share issuance.

SENSITIVITY ANALYSIS

The forecast and projected distributions included in this REIT Plan are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in the section "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this REIT Plan are to be expected. To assist investors in assessing the impact of these assumptions on the Profit Forecast and Profit Projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown. The results of the sensitivity analyses below are based on the Offer Price of ₱6.45 per share.

Rental Income

Changes in Rental Income will impact the Net Income of the Company and consequently, the dividend yield. The assumptions for Rental Income have been set out earlier in this section. The effect of variations in the Rental Income on the dividend yield is set out below:

	Dividend yield pursuant to changes in Rental Income	
	Forecast Period 2021	Projection Year 2022
	(%)	(%)
5.0% above base case	5.83%	6.23%
Base case	5.57%	5.96%
5.0% below base case	5.31%	5.70%

Costs and Expenses

Changes in Costs and Expenses will impact the Net Income of the Company and consequently, the dividend yield. The assumptions for Costs and Expenses have been set out earlier in this section. The effect of variations in the Costs and Expenses on the dividend yield is set out below:

	Dividend yield pursuant to changes in Cost and Expenses	
	Forecast Period 2021	Projection Year 2022
	(%)	(%)
5.0% above base case	5.53%	5.94%
Base case	5.57%	5.96%
5.0% below base case	5.60%	5.99%

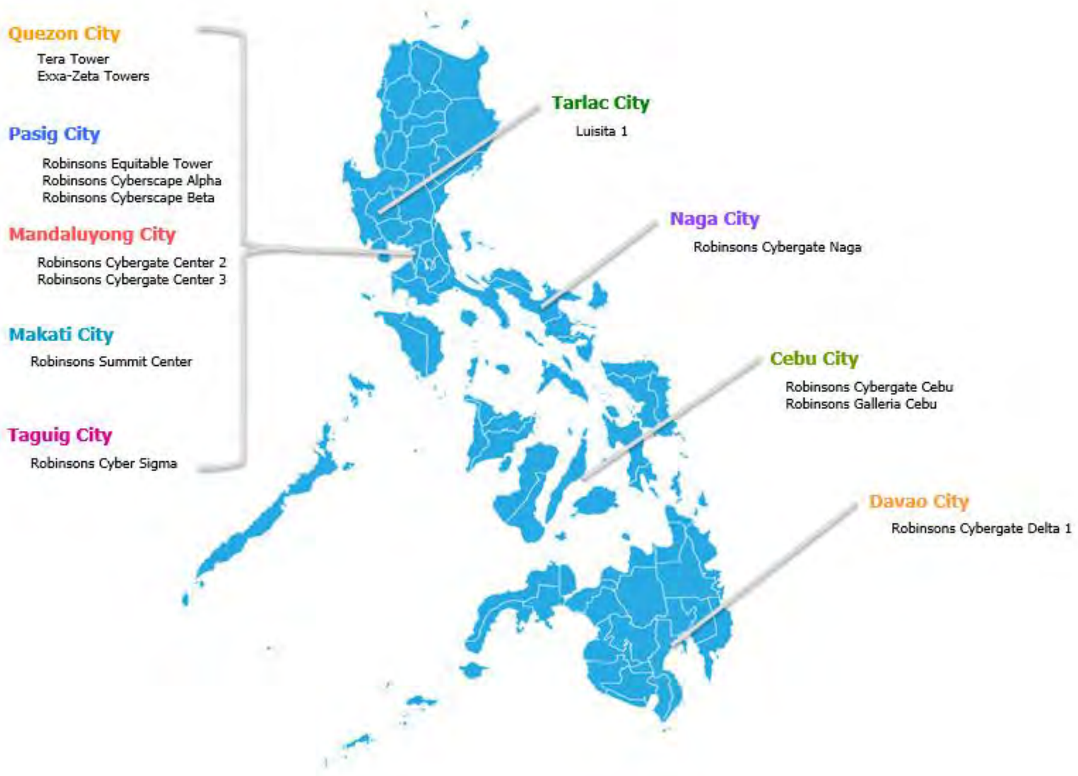
BUSINESS AND PROPERTIES

OVERVIEW

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) ("**RLC REIT**"), a company designated by Robinsons Land Corporation ("**RLC**" or the "**Sponsor**") to operate as a REIT, leases to a diversified tenant base a high-quality portfolio (the "**Portfolio**") of 14 commercial real estate assets (the "**Properties**" and each, a "**Property**") across the Philippines with an aggregate Portfolio GLA of 425,315 sqm as of the date of this REIT Plan. Our Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of our office tenants.

The principal investment mandate of RLC REIT is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major central business districts ("**CBDs**") and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as information technology and business process management ("**IT-BPM**") services, including business process outsourcing ("**BPO**") services, to secure stable occupancy and income from operations. See "—*Investment Policy*."

Our initial Portfolio of 14 assets comprises the Assigned Properties and the Cybergate Center Buildings with an aggregate Appraised Value of ₱73,884.0 million (US$1,522.0 million) as of June 30, 2021 located in CBDs across Metro Manila and in the key cities of Naga, Tarlac, Cebu and Davao outside of Metro Manila.



In preparation for the Offering, on April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred its ownership over 13 properties (the "**Assigned Properties**", and such transaction for the transfer and conveyance of all of the rights, title, contracts, deposits, receivables and interest in and to the Assigned Properties, the "**Property-for-Share Swap**"). In addition, the Sponsor is leasing: (a) two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "**Cybergate Center Buildings**" and the lease arrangements for such buildings, the "**Cybergate Center Leases**"), and (b) certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "**Land Leases**")[7] to RLC REIT (the Property-for-Share Swap, the Cybergate Center Leases and the Land Leases, together with the ancillary transactions for the implementation of such transfers and leases, including the AOI Amendments, are collectively referred to as the "**REIT Formation Transactions**"). See "*—History—REIT Formation Transactions*" for further details. This REIT Plan includes (i) audited Combined Carve-out Financial Statements of the Assigned Properties on a historical basis by separating the historical information pertaining to the Assigned Properties out of the Sponsor's financial statements; (ii) pro forma financial information taking into account the completion of the Property-for Share-Swap, the Land Leases, the Cybergate Center Leases and adoption of fair value method in the measurement of investment properties, as if these REIT Formation Transactions had occurred as of January 1, 2021 and 2020; and (iii) the historical audited financial information of RLC REIT prior to its designation as a REIT company.

The appraised values of our Properties as of June 30, 2021 are contained in the valuation reports attached to this REIT Plan (the "**Valuation Reports**") and prepared by Santos Knight Frank ("**SKF**" or the "**Valuer**"). The Valuation Reports were prepared for the registration statement and the listing application to be submitted to the Philippine SEC and the PSE in connection with the initial public offering of RLC REIT. The Valuation Reports are based on multiple assumptions containing elements of subjectivity and uncertainty. The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the market value of the Properties, SKF used the income approach, specifically the discounted cash flow ("**DCF**") analysis since this method is usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant Property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. For details on the assumptions, disclaimers and methodology used in the Valuation Reports, see Annex C (*Independent Property Valuation Reports*) elsewhere in this REIT Plan. The Appraised Value of our Portfolio includes the valuation of the two Cybergate Center Buildings, which unlike the Assigned Properties, are leased by our Company from the Sponsor.

For the year ended December 31, 2020 and for the six months ended June 30, 2021, Rental Income of the Assigned Properties amounted to ₱2,952.0 million (US$60.8 million) and ₱1,580.8 million (US$32.6 million), respectively, and Gross Revenue of the Assigned Properties was ₱3,580.9 million (US$73.8 million) and ₱1,909.8 million (US$39.4 million), respectively. On a pro forma basis for the year ended December 31, 2020 and for the six months ended June 30, 2021, Pro Forma Rental Income amounted to ₱3,944.5 million (US$81.3 million) and ₱1,956.1 million (US$40.3 million), respectively and Pro Forma Gross Revenue amounted to ₱6,097.4 million (US$125.6 million) and ₱2,527.5 million (US$52.1 million), respectively.

Profile of our Portfolio

The table below provides details of each Property as indicated. All of the Properties were developed by our Sponsor, RLC.

	Location	Year Completed	Registration / Certification	Office Grade [(1)]	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million)[(2)]	Title to Asset[(3)]	Title to Land[(3)]
Metro Manila									
Assigned Properties									
Robinsons Equitable Tower	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.4%	3,426.0	Freehold over 96 units[(5)]	Undivided interest in land
Robinsons Summit Center...........	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	11,476.0	Freehold over 31 units[(6)]	Undivided interest in land
Cyberscape Alpha............	Ortigas CBD, Pasig City	2014	PEZA	A	49,902	11.7%	8,545.0	Building owned	Land leased from Sponsor for 99 years[(4)]
Cyberscape	Ortigas CBD,	2014	PEZA	A	42,245	9.9%	7,794.0	Building	Land leased

[7] *As of the date of this REIT Plan, the Cybergate Center Leases and Land Leases have been executed and commenced upon the Philippine SEC's approval of the Property-for-Share Swap on August 2, 2021.*

	Location	Year Completed	Registration / Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million)(2)	Title to Asset(3)	Title to Land(3)
Beta	Pasig City							owned	from Sponsor for 98 years(4)
Tera Tower...	Bridgetowne Complex IT Park, Quezon City	2015	PEZA, LEED Gold	A / Prime	35,087	8.2%	6,066.0	Building owned	Land leased from Sponsor for 98 years(4)
Cyber Sigma.	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	11.7%	5,823.0	Building owned	Land leased from BCDA for 25 years(7)
Exxa-Zeta Tower(8)	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	17.5%	11,867.0	Building owned	Land leased from Sponsor for 99 years(4)
Cybergate Center Building Leases									
Robinsons Cybergate Center 2	Cybergate Complex IT Park, Mandaluyong City	2007	PEZA	A	43,672	10.3%	6,808.0	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	10.5%	7,873.0	Building leased from Sponsor	N/A
Outside Metro Manila									
Assigned Properties									
Robinsons Cybergate Cebu	Cebu City	2011	PEZA	B	6,866	1.6%	672.0	5/F to 7/F owned	Land leased from Sponsor for 98 years(4)
Galleria Cebu	Cebu City	2017	PEZA	A	8,851	2.1%	943.0	3/F to 4/F owned	Land leased from Sponsor for 99 years(4)
Luisita BTS 1	Robinsons Luisita Complex, Tarlac City	2018	PEZA	B	5,786	1.4%	620.0	Building owned	Land leased from Sponsor for 99 years(4)
Cybergate Naga	Robinsons Place Naga Complex, Naga City	2018	PEZA	B	6,070	1.4%	687.0	3/F to 5/F owned	Land leased from Sponsor for 99 years(4)
Cybergate Delta 1..........	Robinsons Cyberpark Davao, Davao City	2018	PEZA	A	11,910	2.8%	1,284.0	Building owned	Land leased from Sponsor for 99 years(4)
Total					**425,315**	**100.0%**	**₱73,884.0**		

Notes:

(1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are modern specification buildings with high quality finishes, typically located in prime locations while those classified as "Grade B" are medium quality buildings in prime locations or "Grade A" standard buildings, but in secondary locations.

(2) As of June 30, 2021. See Annex C (Independent Property Valuation Reports) appended to this REIT Plan. The aggregate Appraised Value of our Portfolio includes the appraised value of the Cybergate Center Buildings.

(3) See "—History—REIT Formation Transactions."

(4) As of August 2, 2021, our application for the approval of the Property-for-Share Swap was approved by the Philippine SEC. As such, the relevant lease agreements of our Company and RLC dated July 16, 2021 have become effective. In addition, all applications for the transfer of the relevant Tax Declarations covering the Assigned Properties are still pending with various city and municipal assessor's offices.
(5) RLC REIT owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Pasig City. The other units are owned by the Sponsor (17 units) and third parties which also have an undivided interest in the land where the building is located. There is no difference in the condominium units assigned to RLC REIT and the units still owned by the Sponsor.
(6) RLC REIT owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Summit Center is located. As of the date of this REIT Plan, the applications for the transfer of the relevant CCTs in favor of RLC REIT are still pending with the Registrar of Deeds of Makati City.
(7) The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.
(8) The Exxa-Zeta Tower is a twin tower development and is considered as one Property in this REIT Plan. Under the Comprehensive Deed of Assignment, each tower is listed as a separate property.

Our Properties are all PEZA-accredited and have consistently high occupancy rates, earning stable rental revenues as a result, and our Portfolio has a WALE of 4.3 years (by leased GLA)[8] as of June 30, 2021. Moreover, each of the Properties is fully insured equivalent to their respective replacement value.

The following table summarizes Gross Revenues and Occupancy Rates of the Properties as of and for the years ended December 31, 2018, 2019 and 2020 and as of and for the six months ended June 30, 2021.

	Gross Revenue(1)				**% of Total Gross Revenue**		**% of Total Portfolio GLA**		**Occupancy Rate(4)**				**Committed Occupancy Rate(5)**
	For the year ended December 31,			**For the six months ended June 30,**	**For the year ended December 31,**	**For the six months ended June 30,**	**For the year ended December 31,**	**For the six months ended June 30,**	**As of December 31,**			**As of June 30,**	**As of June 30,**
PROPERTY	**2018**	**2019**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2018**	**2019**	**2020**	**2021**	**2021**
	(₱ millions)				**(%)**								
Metro Manila													
Robinsons Equitable Tower (96 units)(2)....	178.9	179.3	177.2	92.9	4.0%	3.9%	3.4%	3.4%	100%	93%	100%	99%	99%
Robinsons Summit Center (31 units)(3)....	494.4	514.3	566.3	306.7	12.7%	12.8%	7.4%	7.4%	100%	100%	84%	99%	99%
Cyberscape Alpha	400.5	411.7	459.5	291.9	10.3%	12.2%	11.7%	11.7%	100%	100%	100%	100%	100%
Cyberscape Beta.......	423.3	447.3	484.9	247.6	10.9%	10.3%	9.9%	9.9%	100%	100%	91%	98%	98%
Tera Tower..............	355.5	329.4	320.6	167.2	7.2%	7.0%	8.2%	8.2%	100%	100%	100%	100%	100%
Cyber Sigma	516.3	555.1	596.5	300.5	13.4%	12.5%	11.7%	11.7%	89%	99%	98%	100%	100%
Exxa-Zeta Tower......	315.9	636.6	700.6	358.4	15.7%	14.9%	17.5%	17.5%	58%	92%	91%	98%	98%
Robinsons Cybergate Center 2	417.5	413.8	429.0	222.4	9.6%	9.3%	10.3%	10.3%	100%	100%	100%	100%	100%
Robinsons Cybergate Center 3	449.1	449.9	449.1	265.4	10.1%	11.0%	10.5%	10.5%	98%	100%	90%	99%	99%
Outside Metro Manila													

[8] *The weighted average lease expiry would be 4.3 years if determined based on the total GLA as of June 30, 2021.*

	Gross Revenue[(1)]				% of Total Gross Revenue		% of Total Portfolio GLA		Occupancy Rate[(4)]				Committed Occupancy Rate[(5)]
	For the year ended December 31,			For the six months ended June 30,	For the year ended December 31,	For the six months ended June 30,	For the year ended December 31,	For the six months ended June 30,	As of December 31,			As of June 30,	As of June 30,
PROPERTY	**2018**	**2019**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2018**	**2019**	**2020**	**2021**	**2021**
	(₱ millions)								(%)				
Robinsons Cybergate Cebu	40.3	43.3	44.2	21.6	1.0%	0.9%	1.6%	1.6%	100%	100%	100%	100%	100%
Galleria Cebu	42.2	55.9	60.3	31.2	1.4%	1.3%	2.1%	2.1%	71%	100%	100%	100%	100%
Luisita BTS 1	43.3	45.1	45.3	23.4	1.0%	1.0%	1.4%	1.4%	100%	100%	100%	100%	100%
Cybergate Naga........	41.4	42.4	40.9	23.0	0.9%	1.0%	1.4%	1.4%	100%	100%	100%	100%	100%
Cybergate Delta 1.....	38.1	71.0	84.6	45.4	1.9%	1.9%	2.8%	2.8%	47%	100%	100%	100%	100%
Total	**3,756.7**	**4,195.1**	**4,459.0**	**2,397.6**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**89%**	**98%**	**95%**	**99%**	**99%**

Notes:
(1) The historical Gross Revenues above for the Assigned Properties are derived from our audited Combined Carve-out Financial Statements. The historical Gross Revenues for the Cybergate Center Buildings are derived from the Sponsor's accounting records and are unaudited. The Cybergate Center Buildings will continue to be owned by the Sponsor and leased to our Company. As such, there is no historical financial information pertaining to the lease of the Cybergate Center Buildings that can included in the preparation of the audited Combined Carve-out Financial Statements. For details on the pro forma effect of the transfer of the ownership of the Assigned Properties and the lease of the Cybergate Center Buildings to our Company, see the Pro Forma Financial Statements elsewhere in this REIT Plan. See also "Presentation of Financial Information" beginning on page xiii of this REIT Plan. There is no substantial difference in the percentage contribution of each of the Properties to income before income tax compared to percentage contribution of each of the Properties to Gross Revenues as presented in the table above.
(2) RLC REIT owns 96 units out of 353 units comprising the Robinsons Equitable Tower.
(3) RLC REIT owns 31 units out of 32 units comprising the Robinsons Summit Center.
(4) Occupancy Rate is actual occupied area divided by total GLA. The actual occupied area excludes leasable space for which there is a committed lease which has not yet commenced. Fluctuations in Occupancy Rate from period to period is primarily due to the timing of the determination of the Occupancy Rate. See "—Marketing, Leasing and Maintenance Activities—Lease Management" for information on lease renewals.
(5) Committed Occupancy Rate is calculated as actual occupied area plus currently available area for which a lease agreement has been executed and will be occupied within 2021, divided by total GLA. As of June 30, 2021, the Committed Occupancy Rate of the Portfolio was 99%.

Tenant and Lease Expiry Profile

Summary Tenant Profile

Our Portfolio had close to 200 tenants as of June 30, 2021 across various sectors, which we categorize as follows: (i) IT-BPM (which includes BPOs generally); (ii) Traditional; (iii) Seat Leasing; (iv) Philippine Offshore Gaming Operators ("**POGO**"), and (v) Hotels; (vi) Retail (Food and Non-Food) and Others (the "**Retail and Others**"). For the six months ended June 30, 2021, the IT-BPM sector, Traditional sector, Seat Leasing sector, POGO, Hotels and Retail and Others comprised 68.3%, 19.2%, 5.8%, 2.8%, 1.5% and 1.6% of total Portfolio GLA, respectively and tenants in the IT-BPM sector accounted for 65.6% of total Pro Forma Revenues.

Industry sector	GLA in sqm.	Percentage of Leased GLA	Percentage of Total Portfolio GLA
IT-BPM (BPO)	290,483	68.9%	68.3%
Traditional	81,685	19.4%	19.2%
Seat Leasing	24,699	5.9%	5.8%
POGO	11,739	2.8%	2.8%
Hotel	6,320	1.5%	1.5%
Retail and Others	6,943	1.6%	1.6%
Total	**421,869**	**100.0%**	**100.0%**

The table below sets out the distribution of our tenants per Industry sector across the Portfolio.

Industry sector	Properties Occupied	Average Lease Period (years)*
IT-BPM (BPO)	Robinsons Equitable Tower, Robinsons Summit Center, Robinsons Cybergate Center 2, Robinsons Cybergate Center 3, Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Galleria Cebu, Luisita BTS 1, Cybergate Naga, Cybergate Delta 1	5
Traditional	Robinsons Equitable Tower, Robinsons Summit Center, Robinsons Cybergate Center 3, Cyberscape Alpha, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Cybergate Delta 1	5
Seat Leasing	Robinsons Summit Center, Exxa-Zeta Tower, Cybergate Delta 1	5
POGO	Robinsons Summit Center, Robinsons Cybergate Center 3	5
Hotel	Cyberscape Alpha	20
Retail and Others	Cyberscape Alpha, Exxa-Zeta Tower	4

**The average lease term in years entered into by all tenants falling under the relevant Industry sector.*

Lease Expiry Profile

Given the diverse tenant profile of RLC REIT, our Company is not particularly dependent upon a particular tenant or group of tenants, the loss of which would have a material adverse effect on our income and revenues.

Our leases are typically for a period of three to five years. The table below sets out details of our Portfolio's lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of the Portfolio	Expiring GLA as a % of leased GLA of the Portfolio[(2)]	Percentage of Expiring Rental Income to Total Rental Income of the Portfolio
2021	15,576	3.7%[(1)]	3.7%	4.1%
2022	26,094	6.1%	6.2%	7.9%
2023	95,776	22.5%	22.7%	22.7%
2024	74,235	17.5%	17.6%	19.5%
2025 and beyond.........	210,187	49.4%	49.8%	45.8%

Notes:
(1) As of June 30, 2021, approximately 70% of expiring GLA in 2021 (54,655 sqm as of December 31, 2020) has been renewed or replaced. Furthermore, the remaining 15,576 sqm have been renewed or replaced as of July 31, 2021.
(2) Based on leased GLA as of June 30, 2021 of 421,869 sqm, inclusive of 15,576sqm expiring in 2021.

Top 10 Tenants

As of December 31, 2020, our 10 largest tenants (in terms of leased GLA across our Portfolio and excluding our affiliates, our "**Top 10 Tenants**") occupied for 49.2% of our leased GLA and contributed 41.7% of Pro Forma Rental Income for the year ended December 31, 2020. As of June 30, 2021, our Top 10 Tenants occupied 45.0% of our leased GLA and contributed 40.8% of Pro Forma Rental Income for the six months ended June 30, 2021.

The Top 10 Tenants as of June 30, 2021 include major international IT-BPM (BPO) companies as well as multinational corporations are set out below.

	Tenant [(1)]	Sector	Properties Occupied	GLA (sqm)	% of total Portfolio GLA (sqm)	% of total leased GLA (sqm)
1	Accenture	IT-BPM	Robinsons Summit Center, Robinsons Cybergate Center 2, Robinsons Cybergate	58,509	13.8%	13.9%

	Tenant (1)	Sector	Properties Occupied	GLA (sqm)	% of total Portfolio GLA (sqm)	% of total leased GLA (sqm)
			Center 3, and Robinsons Cybergate Center Cebu			
2	Concentrix	IT-BPM	Exxa-Zeta Towers and Tera Tower	40,248	9.5%	9.5%
3	Hinduja Global Solutions	IT-BPM	Exxa-Zeta Towers	24,656	5.8%	5.8%
4	Ernst & Young / E&Y GDS (Global Delivery Services)	IT-BPM	Robinsons Cyber Sigma	17,045	4.0%	4.0%
5	Fisher Rosemount Systems, Inc.	IT-BPM	Robinsons Cyberscape Alpha	10,170	2.4%	2.4%
6	WNS Global Services Philippines, Inc.	IT-BPM	Exxa-Zeta Towers and Tera Tower	10,020	2.4%	2.4%
7	Acquire Asia Pacific Phils., Inc.	IT-BPM	Robinsons Cyberscape Beta	7,563	1.8%	1.8%
8	MHI Power Technical Services Corporation	Traditional	Robinsons Cybergate Center 3	7,370	1.7%	1.7%
9	Sykes Asia, Inc.	IT-BPM	Robinsons Galleria Cebu	7,353	1.7%	1.7%
10	Top 10 Tenant J(2)	IT-BPM	Robinsons Cyberscape Alpha	6,819	1.6%	1.6%
	Total			**189,751**	**44.6%**	**45.0%**

Notes:

(1) Our Top 10 Tenants exclude our Company's affiliates. As of June 30, 2021, our Company's affiliates occupied 15.1% of leased GLA.

(2) Certain tenants have declined to be disclosed in this REIT Plan.

Our major tenants include Accenture, Concentrix, Hinduja Global Solutions, Ernst & Young, and Fisher Rosemount Systems, Inc. Of these, three tenants accounted for at least 25.7% of our Rental Income and one tenant occupied 13.9% of our leased GLA for the six months ended June 30, 2021.

Sponsor Profile

Our Sponsor, RLC, is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size, and is one of the top 5 developers of existing and upcoming office developments in Metro Manila as of the fourth quarter of 2020 according to JLL. RLC is engaged in the construction and operation of lifestyle commercial centers, offices, hotels and industrial facilities, as well as the development of mixed-use properties and residential housing located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which it develops, owns and operates commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels and industrial facilities); and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages and commercial lots). RLC is listed on the PSE and as of June 30, 2021 had a market capitalization of ₱89,749.4 million (US$1,848.8 million). See "*The Sponsor*."

STRENGTHS AND STRATEGIES

COMPETITIVE STRENGTHS

We believe that our company benefits from the following competitive strengths:

Strong Sponsorship from leading real estate developer with established track record in commercial development

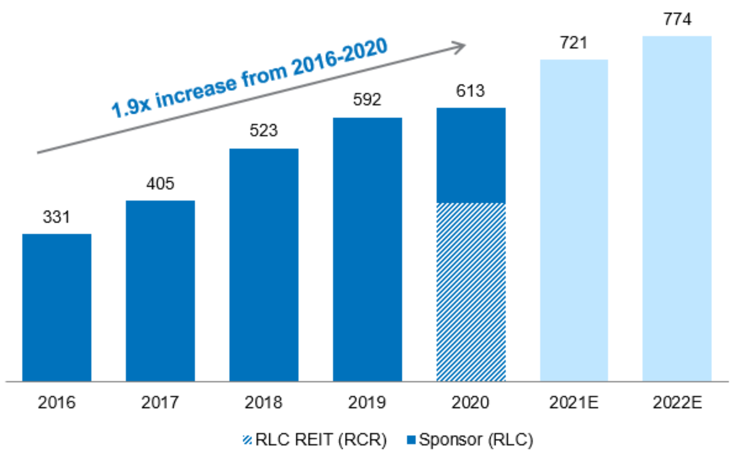
RLC is one of the Philippines' leading real estate companies and most reputable developers of mixed-use properties, office buildings, residential condominiums, as well as land and real estate developments, including socialized housing projects located in key cities and urban areas across the Philippines. RLC is also a leader in the development and operation of lifestyle shopping malls and hotels.

RLC is the real estate arm of JG Summit Holdings, Inc., one of the country's largest conglomerates with diverse business interests across various sectors including real estate, branded consumer foods, agro-industrial and commodity food products, telecommunications, petrochemicals, air transportation and financial services.

As of the date of this REIT Plan, the JG Summit Group has six companies listed and traded on the PSE: JG Summit Holdings, Robinsons Land Corporation, Universal Robina Corporation, Robinsons Retail Holdings, Inc., Cebu Pacific Air, Inc., and Altus Property Ventures. As of June 30, 2021, RLC's leasing portfolio comprised 52 lifestyle malls, 25 office developments and five co-working / flexible working centers, 19 mixed-use developments, 20 hotels, and four industrial facilities.

In particular, as a leading IT-BPM office space provider RLC boasts 613,000 sqm of PEZA-accredited office NLA as of December 31, 2020, a 1.9x increase in office NLA from 331,000 sqm at the end of 2016. RLC has strong relationships with its tenants which include major international IT-BPM and outsourcing firms, and continues to build on its strength in the office leasing segment by expanding its office offerings with co-working spaces in its five work.able flexible working centers. RLC plans to further increase its office NLA, and is expected to add a further 161,000 sqm in NLA over the next two years. RLC has a geographically diversified presence in major CBDs and key commercial hubs across the Philippines, including in the cities of Quezon, Pasig, Mandaluyong, Taguig, and Makati, among others. In particular, RLC is a leading office landlord in the Ortigas CBD which is located within the joint boundaries of Pasig City, Mandaluyong City and Quezon City.

RLC office segment NLA growth (2016-2022E) ('000 sqm)*



Source: RLC Company Data
**Figures shown for 2021E and 2022E inclusive of NLA that is attributable to and/or assigned to RLC REIT as a result of the REIT Formation Transactions*

In addition, as of June 30, 2021, RLC is the second largest mall operator in the Philippines with nine malls within Metro Manila and 43 malls in other urban areas, offering a total of 1.52 million sqm of GLA or 2.93 million sqm of GFA, with a large range of retail offerings from more than 8,000 retailers in its malls.

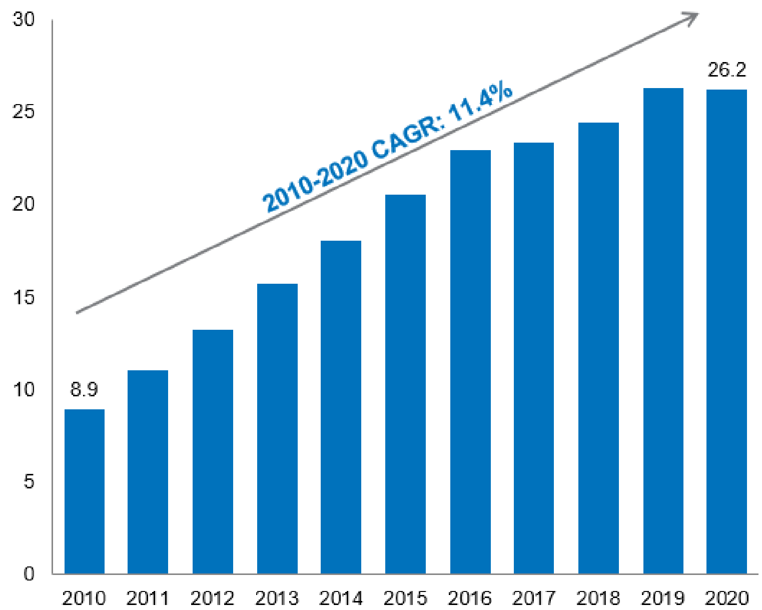
As of the first quarter of 2021, RLC also has a large land bank of 832-hectares which provides further room for development and the expansion of its portfolio. RLC's land bank is geographically diversified, with 526-hectares located in Luzon, 138-hectares in Visayas, 141-hectares in Mindanao, and 27-hectares in Metro Manila.

Resilient Philippines BPO industry with robust growth profile supported by strong demand fundamentals

The Philippines IT-BPM (BPO) industry is one of the key drivers of the Philippine economy and has demonstrated consistently strong growth over the last 10 years, with BPO industry revenue increasing from US$8.9 billion in 2010 to US$26.2 billion in 2020, at a CAGR of 11.4% according to JLL. The Philippine BPO industry contributed approximately 9.0% of the Philippines' GDP in 2019, and currently accounts for the employment of over 1.3 million workers, according to JLL.

Given the essential nature of the support operations provided by the BPO sector, BPO offices remained operational throughout both the ECQ and GCQ and continued their reliable, uninterrupted service delivery. As a result, the BPO industry remained relatively strong despite the general negative economic impact from the COVID-19 pandemic, with 2020 total BPO industry revenue of US$26.2 billion, registering no significant decline compared to the 2019 revenue achieved of US$26.3 billion according to JLL. In comparison to the general Philippine economy which saw GDP decline by (9.5%) compared to 2019, the BPO industry has demonstrated resilience throughout the economic crisis and significantly outperformed the general Philippines economy.

Philippines IT-BPM (BPO) industry revenue 2010-2020 (US$bn)



Source: JLL Report (as of the fourth quarter of 2020)

According to JLL, post COVID-19 pandemic, the Philippines' BPO industry is expected to recover in 2021-2022, with projected revenue growth of between 3.2% to 5.5%, and projected employment growth of between 2.7% and 5.0%. The BPO industry's projected growth is supported by long-term demand fundamentals which have remained intact despite potential challenges from the impact of COVID-19 and work-from-home ("**WFH**") initiatives.

First, BPO firms are required to provide 24/7 uninterrupted support services to the various MNCs, international conglomerates, foreign and domestic companies they support, and are essential for operational continuity. The smooth and uninterrupted service delivery that BPO firms provide is contingent on employees having access to a productive, reliable, and high-quality working environment that includes high speed internet connectivity, robust digital infrastructure and other office facilities. As most employees in the BPO industry do not have reliable access to these office amenities and infrastructure in their homes, the impact of WFH initiatives in the BPO industry is likely to be muted.

Second, BPO firms provide support services that require strict data security and confidentiality, particularly for BPO firms servicing clients in the financial services sector. Given the sensitivity of the data that is handled by these BPO firms, and the potential for data leaks given lax monitoring if the BPO workforce adopts WFH policies on a large scale, WFH is not expected to supplant the practice of working from office.

Third, given the long-term trends of rising costs in office and commercial leasing in major cities in key developed economies in the world, large global MNCs looking to reduce costs will continue to increase their outsourcing operations in low cost, high service quality outsourcing destinations. In particular, tax incentives availed to tenants in PEZA-accredited office spaces have helped to attract global BPO firms to establish outsourcing operations in the Philippines. The Philippines was ranked the 6th most digital nation in 2020 in the Tholons 2020 Services Globalization Index, which benchmarks countries using criteria such as workforce talent, skills, work quality, cost, infrastructure and digital information among other key factors for determining the quality of an outsourcing destination. The Philippines' high ranking in the survey is testimony to its highly skilled, English-speaking workforce, which along with its relatively lower costs and wages is a strong attraction for global MNCs looking for premier outsourcing destinations.

PEZA-accredited Grade A commercial assets geographically diversified across major Philippine CBDs and commercial hubs

The Portfolio comprises 14 PEZA-accredited assets, majority of which are Grade A assets, with total valuation of ₱73,884 million and 425,315 sqm of GLA diversified across key Metro Manila CBDs and major commercial hubs outside Metro Manila. The average age (weighted by GLA) of the assets in the Portfolio is approximately only eight years as of June 30, 2021, emphasizing the fact that the assets are modern and well-maintained, and equipped with facilities and amenities to meet the needs of the modern office tenant.

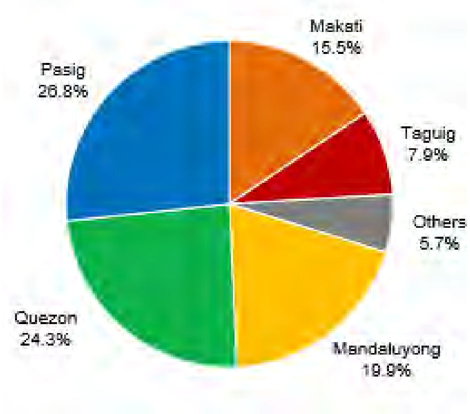
Overview of the Portfolio

The stabilized assets in the Portfolio (completed prior to 2017), have consistently achieved high occupancies historically, with occupancies of 100% or close to 100% over 2018 to 2020. At the same time, the newer assets such as Cyber Sigma and Galleria Cebu which were completed in 2017, and Exxa-Zeta Tower and Cybergate Delta 1, which were completed in 2018, have demonstrated strong and quick ramp-up in occupancy rates, reaching stabilized occupancies of over 90% within two years of completion.

The Portfolio boasts two assets with LEED (*Leadership in Energy and Environmental Design*) certification, with Tera Tower being LEED Gold certified, and Exxa-Zeta Towers being LEED Silver certified. This underscores the commitment of our Company to environmental, social and corporate governance ("**ESG**") efforts, and emphasizes the quality of the Portfolio.

The assets in the Portfolio located in Metro Manila (including the leased Cybergate Center Buildings) comprise 94.3% of total valuation and are geographically diversified across keys CBDs in the Pasig, Quezon, Mandaluyong, Makati and Taguig cities, respectively. The geographical diversification of the Portfolio allows the Company to benefit from the strength of the general Metro Manila office market while at the same time reducing its reliance on any single CBD or sub-market.

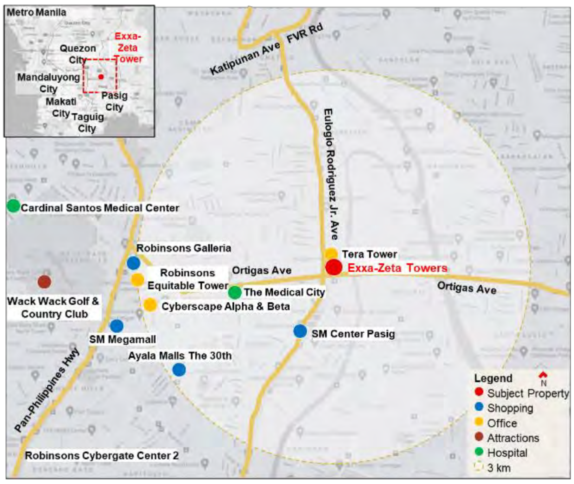
Valuation breakdown as of June 30, 2021 (PHP million)



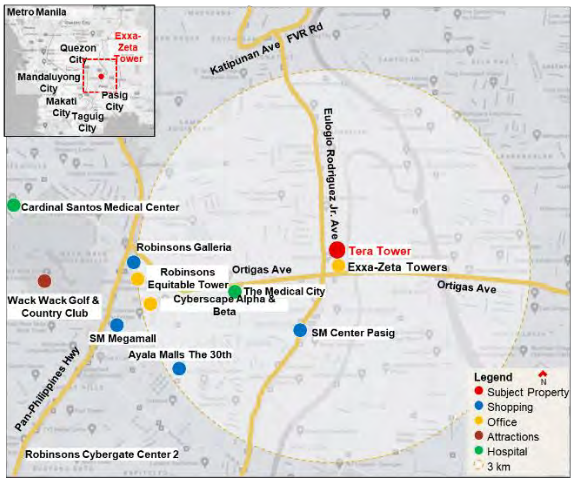
Note: Others includes areas outside Metro Manila, specifically: Cebu City (₱1,615 million), Davao City (₱1,284 million), Naga City (₱687 million) and Tarlac City (₱620 million)

The Pasig, Quezon, Mandaluyong, Makati and Taguig CBDs are key Metro Manila office markets that have performed well historically and which are expected to continue to perform well as the economy enters the post-COVID-19 recovery period.

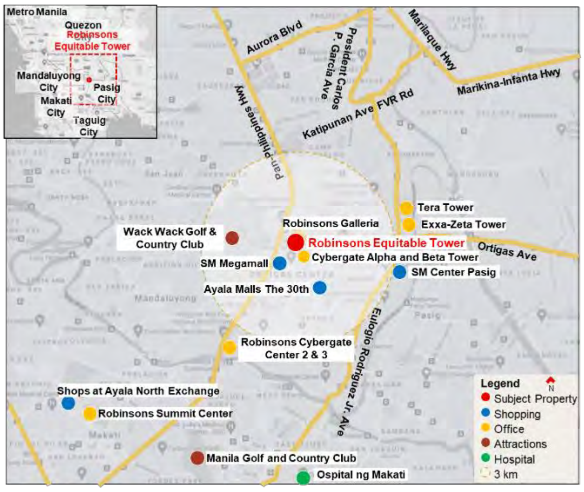
Quezon City – Exxa-Zeta Towers



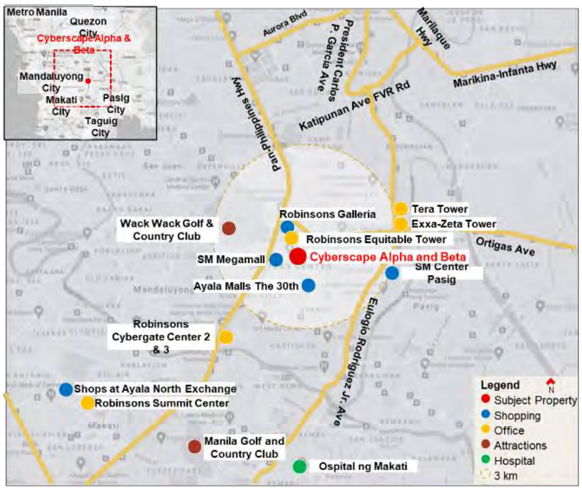
Quezon City –Tera Tower



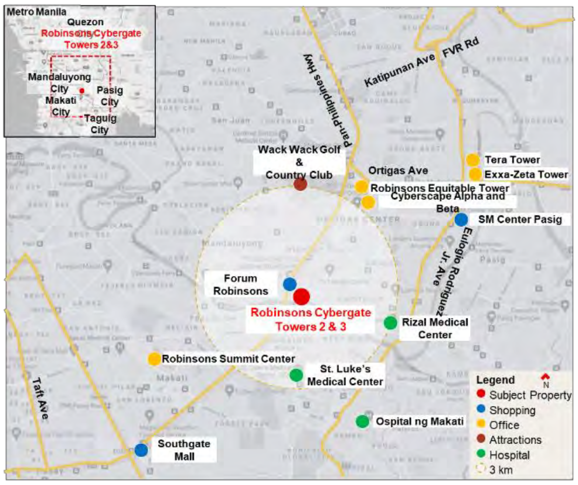
PasigCity – Robinsons Equitable Tower



Pasig City – Robinsons Cyberscape Alpha & Beta

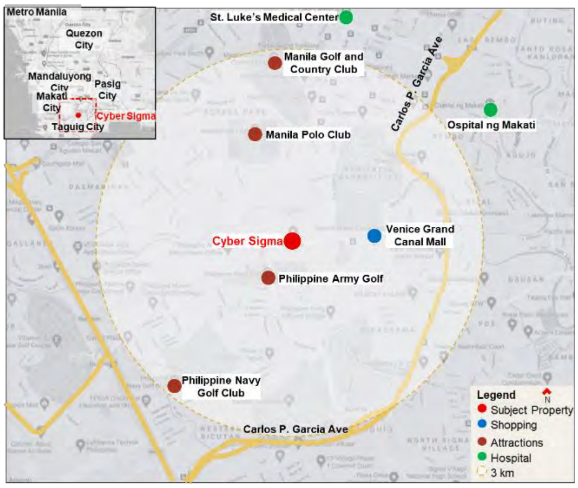


Mandaluyong City – Robinsons Cybergate 2 & 3

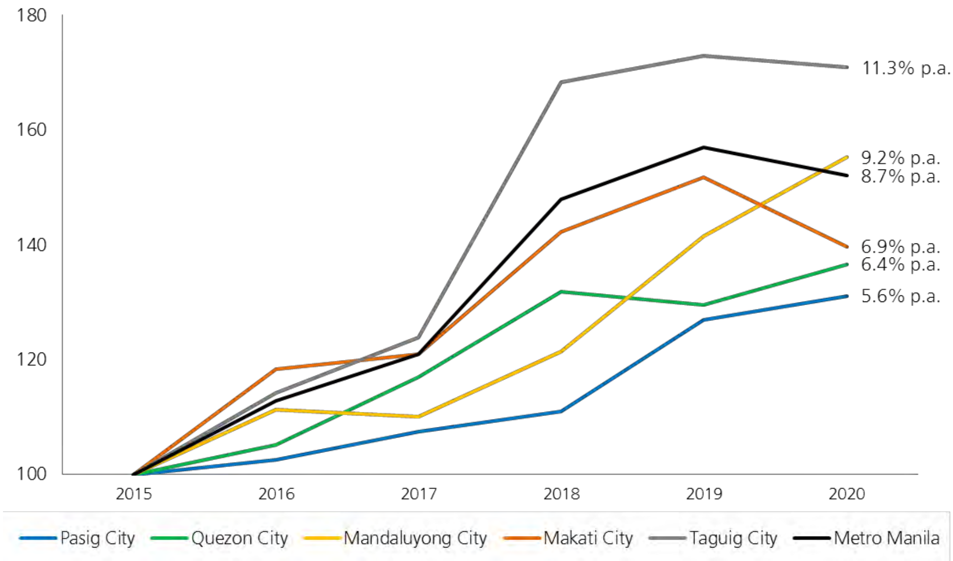


Makati City – Robinsons Summit Center

Taguig City – Robinsons Cyber Sigma



Selected Metro Manila CBD rental rates and growth (2015-2020)



Source: JLL Report

In particular, Pasig CBD, which contributes 26.8% of the Portfolio's valuation, has demonstrated consistent rental growth historically, growing by 5.6% p.a. from 2015-2020. Rental rates in Pasig CBD have remained strong despite the impact of COVID-19 in 2020, with positive rental rate growth in 2019-2020 of 3.3%. Supported by the sustained positive average net absorption of 27,960 sqm p.a. forecasted for 2021E-2025E, rental rates are expected to continue to grow by 5.3% p.a. over the same period from 2021E-2025E. Significantly, in Pasig City, there is a significant presence of complementary support amenities and developments such as residential and retail options to support the needs of employees in nearby office developments.

Quezon CBD, which accounts for 24.3% of the Portfolio's valuation, has seen strong rental rate growth of 6.4% p.a. growth from 2015-2020, even registering a 5.5% year-on-year increase from 2019-2020. Quezon CBD rental rates are forecast to grow by 7.2% p.a. from 2021E-2025E, illustrating the continued robust growth trajectory of the Quezon CBD driven by strong average net absorption of 112,260 sqm p.a. over the same forecast period.

Mandaluyong CBD, which constitutes 19.9% of the Portfolio's valuation (including the leased Cybergate Center Buildings), is among the top performing CBD markets in Metro Manila by rental rate growth over 2015-2020, with 9.2% p.a. growth from 2015-2020, including a strong showing in 2019-2020 with 9.8% year-on-year growth.

Looking ahead, the Mandaluyong CBD is expected to grow by 7.1% p.a. from 2021E-2025E, supported by consistent, positive net absorption over the forecast period.

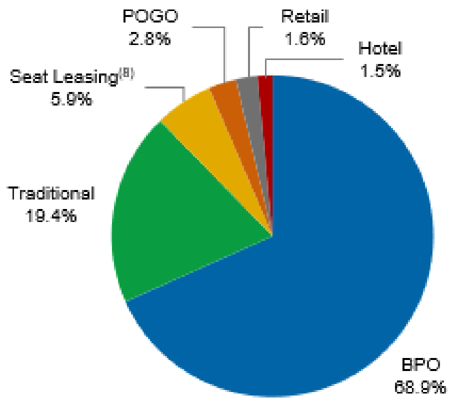
The Makati CBD, which comprises 15.5% of the Portfolio by valuation, is the premier CBD area in Metro Manila and has historically been one of the most important office markets in the Philippines. Rental rates in the Makati CBD have grown by 6.9% p.a. from 2015-2020, and are expected to continue to thrive post-COVID-19, with forecast rental growth of 7.6% p.a. from 2021E-2025E. The Makati CBD has historically experienced robust average net absorption at 85,340 sqm p.a. from 2015-2020, and although net absorption is expected to taper off slightly, Makati is expected to continue to see sustained net absorption in 2021E and 2022E, demonstrating the robust, continued demand for office space in the key location of Makati.

In addition, the Portfolio has a considerable exposure to the rapidly growing Taguig CBD, at 7.9% of the Portfolio by valuation. With 11.3% p.a. growth in rental rates from 2015-2020, Taguig CBD has been consistently among the fastest growing Metro Manila office markets. Average net absorption for 2021E-2025E is forecast to be higher than that between 2016-2020, at 270,380 sqm p.a., with rental rates expected to rise by 8.8% p.a., and vacancies essentially expected to fall to further between 2021E-2025E.

Stable income from long leases and high quality tenants predominantly from the BPO sector

The Portfolio receives robust and stable cash flows from its high quality tenants, predominantly from the resilient BPO sector. Office tenants comprise 88.2% of leased GLA, with IT-BPM (BPO) tenants making up 68.9% and traditional office making up 19.4%. At the same time, the Portfolio has minimal exposure to the POGO sector at only 2.8% of leased GLA. As of June 30, 2021, the overall Occupancy Rate in the Portfolio was 99% and the overall Committed Occupancy Rate in the Portfolio was 99%.

Leased GLA breakdown (sqm)



Note: Based on leased GLA as of June 30, 2021 of 421,869 sqm. Based on total GLA of 425,315 sqm, the contribution of tenants from IT-BPM, Traditional Office, Seat Leasing, POGO, Hotel, and Retail & Others are 68.3%, 19.2%, 5.8%, 2.8%, 1.5%, and 1.6%, respectively.

The Top 10 Tenants in the Portfolio account for 45.0% of leased GLA. The preponderance of major global MNCs in the list of the Top 10 Tenants in the Portfolio demonstrates the credit strength of our Company's tenant base and its cash flows.

No	Tenant*	Industry	Description	GLA (sqm)	% of total Portfolio GLA	% of total leased GLA
1	Accenture	IT-BPM	BPO services for Accenture, a Fortune Global 500 consulting and services company	58,509	13.8%	13.9%
2	Concentrix	IT-BPM	American BPO services company with operations in 40 countries	40,248	9.5%	9.5%

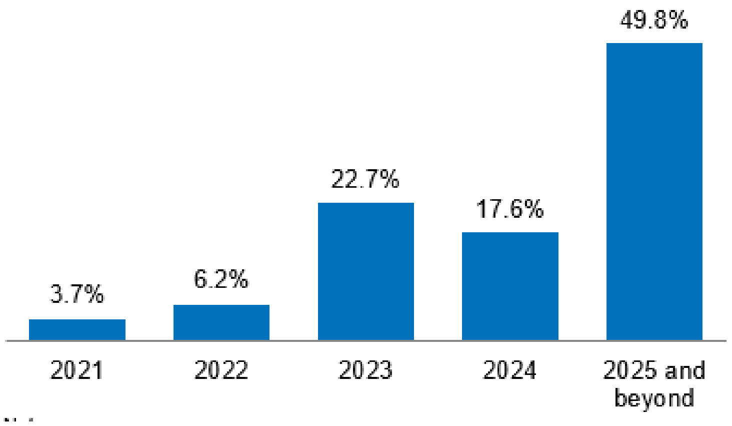
No	Tenant*	Industry	Description	GLA (sqm)	% of total Portfolio GLA	% of total leased GLA
3	Hinduja Global Solutions	IT-BPM	BPO company, part of the Indian conglomerate Hinduja Group, with over 40,000 employees globally	24,656	5.8%	5.8%
4	Ernst & Young / E&Y GDS (Global Delivery Services)	IT-BPM	BPO services for EY, a global MNC providing consultancy, audit, tax and other financial services	17,045	4.0%	4.0%
5	Fisher Rosemount Systems, Inc.	IT-BPM	BPO services for supplies industrial process control solutions firm based in the US	10,170	2.4%	2.4%
6	WNS Global Services Philippines, Inc.	IT-BPM	International BPO services firm which provides outsourcing solutions to over 200 companies worldwide	10,020	2.4%	2.4%
7	Acquire Asia Pacific Phils., Inc.	IT-BPM	BPO services include customer service, sales, technical support, retention campaigns, back-office functions, software development and marketing services for private and publicly-listed companies around the world—helping them to optimize costs, develop operational performance, increase productivity and efficiency and obtain flexibility in staffing and manpower	7,563	1.8%	1.8%
8	MHI Power Technical Services Corporation	Traditional	Technical services for subsidiary of Mitsubishi Heavy Industries	7,370	1.7%	1.7%
9	Sykes Asia, Inc.	IT-BPM	Global BPO firm which provides inbound customer engagement services to Global 2000 companies	7,353	1.7%	1.7%
10	Top 10 Tenant J	IT-BPM	BPO Services	6,819	1.6%	1.6%
	Total			**189,751**	**44.6%**	**45.0%**

** Our Top 10 Tenants exclude our Company's affiliates.*

As of June 30, 2021, the WALE (by leased GLA) of the Portfolio is 4.3 years,[9] with well spread out lease expiries, with the majority of leases (49.8%) expiring in 2025 and beyond. Our Company has successfully renewed and replaced 100% of all expiring GLA in 2019, and 100% in 2020. In addition, as of June 30, 2021, approximately 70% of expiring GLA in 2021 (54,655 sqm as of December 31, 2020) has been renewed or replaced. In addition, the remaining 15,576 sqm have been renewed or replaced as of July 31, 2021. This demonstrates the high tenant retention rates that the Company has been able to achieve consistently, and is a strong indication of the long-standing and close relationships that the Company has with its tenants, further supporting the long-term certainty and visibility of the Portfolio's cash flows.

[9] *The weighted average lease expiry would be 4.3 years if determined based on the total GLA as of June 30, 2021,*

Expiry profile of leased GLA (%)



Note: Based on leased GLA as of June 30, 2021 of 421,869 sqm, inclusive of 15,576 sqm expiring in 2021

In the Portfolio, assets held on freehold account for 10.8% of total GLA, while buildings owned but held on land leases account for 68.5%, and leased buildings account for 20.8%. See "*—History—REIT Formation Transactions*" for more information on the status of the lease agreements. The exceptionally long average land lease tenure of 88.8 years as of June 30, 2021 for the leasehold and leased buildings, in addition to the freehold properties, emphasizes the long-term stability of the Portfolio.

Strong organic growth from contracted rental escalations and inorganic growth from large, high quality acquisition pipeline from Sponsor

Organic growth in the Portfolio is underpinned by fixed annual rental escalations, with tenants typically having fixed rental escalations of between 3% to 5% p.a. The Fund Manager and Property Manager proactively manage the leases in the Portfolio, commencing renewal negotiations well in advance of expiries. At the same time, the Company collects security deposits of between 3-6 months' rent, and has penalties for pre-termination of leases, ensuring the Company is able to maintain its robust cash collection and liquidity.

Post-listing, our Company intends to expand our portfolio through the acquisition of stabilized properties for lease that are dividend yield accretive, and which satisfy our requirements. This may be achieved by acquiring revenue generating office buildings as well as BPO-occupied mall spaces from the Sponsor. In addition to potential acquisitions of assets from the Sponsor, the Company may also acquire assets from unrelated third parties. Our Sponsor is committed to the growth of our Company, and has entered into a Memorandum of Understanding ("**MOU**") as of July 13, 2021 with RLC REIT setting out the parties' understanding for the potential future acquisition of Cyberscape Gamma and/or Robinsons Cybergate Center 1, owned by the Sponsor. These two assets have a total GLA of 72,100 sqm, equivalent to approximately 17% of the Portfolio's total GLA of 425,315 sqm.

Asset	Description	Location	Grade	GLA (sqm)
Cyberscape Gamma	37-storey PEZA-registered Grade A office development located within the Ortigas CBD	Topaz & Ruby Roads, Ortigas Center, Pasig City	A	44,797
Robinsons Cybergate Center 1	18-storey PEZA-registered Grade A office building located within the mixed-use development Robinsons Cybergate Complex	Pioneer Street, Mandaluyong City	A	27,303

	
Cyberscape Gamma	Robinsons Cybergate Center 1

Under the terms of the MOU, RLC REIT and our Sponsor may agree to consider alternative properties to Cyberscape Gamma and/or Robinsons Cybergate Center 1 for such future potential acquisition, provided that such alternative properties meet our Company's financial and strategic investment criteria. Any such acquisition will be set out in definitive agreements and subject to such final terms as may be agreed between the parties. In addition, such plans may change depending on the requirements of our business, market conditions and external factors beyond our control.

Including Cyberscape Gamma and Robinsons Cybergate Center 1, Sponsor RLC has approximately 204,000 sqm of GLA in existing office assets, approximately 150,000 sqm of GLA in offices that are in various stages of construction, and approximately 68,000 sqm of GLA in BPO-occupied spaces in RLC malls that may form part of the acquisition pipeline for our Company, provided they are in line with our investment criteria. In total, RLC REIT has a pipeline of approximately 422,000 sqm of GLA for potential acquisition from RLC.

Not later than 18 months from the execution of the MOU, our Sponsor intends to inject 40,000 sqm to 100,000 sqm GLA into the Company, subject to the Fund Manager's recommendations and the approval of the relevant regulatory bodies. This will translate to an increase in our Company's total GLA by approximately 9.4% to 23.5%.

Management team and Board of Directors with strong track record and extensive experience

The members of the Management team and Board of Directors have many years of experience in the real estate industry, having worked in property development, management and leasing in other current and previous capacities.

In particular, the Chairman, Mr. Frederick D. Go has three decades of experience in the real estate industry. Our CEO, Mr. Jericho P. Go, has over 28 years of experience in the real estate industry and has been closely involved in the growth and development of the Philippines' real estate sector, being responsible for filing and registering the Philippines' very first IT park with the Philippine Economic Zone Authority in 1997. Other key members of the Management team have similarly extensive experience of over 20 years in real estate and other sectors, and possess the necessary knowledge and qualifications to ensure the success of the Company. For further details of the Senior Management and Board of Directors of our Company, see "*Board of Directors and Senior Management*."

BUSINESS STRATEGIES

The principal strategy of RLC REIT is to invest on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes and strategically located in major CBDs and key cities and urban areas across the Philippines. The Fund Manager and the Property Manager in collaboration with our Company's management team will ensure the smooth operation of the Portfolio and pursue opportunities for both organic and inorganic growth to improve shareholder return. Please see also the section on "*The Fund Manager and the Property Manager*" in this REIT Plan.

Fund Manager

The Fund Manager plans to achieve its key objectives for our Company through implementing the following strategies:

Pro-active asset management to achieve organic growth

The Fund Manager intends to take a pro-active approach to the management of the Portfolio, and will actively monitor opportunities for asset enhancement initiatives in the Portfolio with the objective to improve the quality of the Properties, in order to achieve higher rental rates and deliver improved returns to shareholders. The Fund Manager, in coordination with the Property Manager, will approach its pro-active asset management strategy by:

- Establishing a capital expenditure schedule and policy which pro-actively pre-empts and addresses any issues regarding asset quality, and considers asset enhancements initiatives based on tenant needs or demand so as to command optimal rental rates for the assets

- Monitoring costs and expenses relating to the management of the assets in the Portfolio or other expenses relating to the operation of our Company, to ensure cost efficiency is achieved wherever possible

- Pro-actively managing lease renewals in advance of expiries, reconfigure or expand tenant spaces in response to tenants' needs and negotiate higher rental rates for new leases

- Maintaining good relationships with tenants via regular close dialogue so as to be able to respond nimbly to tenants' needs and requirements

Inorganic growth strategy via existing asset redevelopment and new asset acquisitions

The Fund Manager intends to pursue inorganic growth opportunities either through redevelopment of existing assets or through the dividend yield accretive acquisitions of high quality commercial properties that complement the Portfolio.

The redevelopment of existing assets in the Portfolio with low Floor to Area ratio ("**FAR**") into taller buildings with higher FAR will increase GLA, optimize land and support higher valuations. Our Company will actively monitor the assets in the Portfolio for opportunities to pursue inorganic growth via redevelopment to extent allowable by the REIT rules, and in accordance with the Company's overall strategy.

The Fund Manager will also actively monitor the market for opportunities to acquire high quality commercial properties that meet the investment criteria of our Company, including being dividend yield accretive, and complementary to the strategy of the Company. In particular, the Fund Manager will consider potential assets for acquisition from the Sponsor's extensive pipeline of income-producing commercial assets, as well as commercial assets owned by external parties.

Our Company will consider asset acquisitions via different financing methods as the case may be, including equity and debt capital raising transactions, bank loans, tax-free-exchange, etc, depending on what is in our Company's best interests.

Predominant focus on key Metro Manila CBDs and major regional commercial hubs

The Fund Manager intends to predominantly focus on Grade A commercial assets situated in prime CBD locations in Metro Manila as well as major regional commercial hubs. The Fund Manager intends to leverage the experience and market dominance of the Sponsor in these markets so as to achieve the best returns for our Shareholders.

Active capital and risk management

The Fund Manager will closely monitor and manage the Company's liquidity, balance sheet, and overall financial resources so as to ensure our Company's long-term financial health, while also pursuing the optimal returns for Shareholders.

As part of its capital management strategy, the Fund Manager may optimize the funding and capital structure of the Company by tapping on the capital markets for debt and/or equity capital, as well as hybrid or other forms of capital as appropriate. In addition, the Fund Manager will consider liquidity, interest rate and other relevant financial risks and adopt appropriate hedging policies to manage its risk exposure.

Property Manager

The Property Manager has been engaged to provide lease and property management, among other services to ensure smooth operations of the assets in the Portfolio, and support our Company and the Fund Manager's strategy and deliver optimal returns to Shareholders.

Pro-active leasing and tenant management

In cooperation with the Fund Manager, the Property Manager intends to pursue a pro-active leasing and tenancy management strategy including, but not limited to

- Establishing close relationships with key tenants through regular engagement and dialogue so as to understand tenant needs and requirements, improve tenancy experience with the Company and provide assistance where applicable

- Monitoring tenant lease expiries and engaging tenants with expiring leases at least six to nine months before expiry so as secure lease renewals in advance of expiry, or to be able to prepare the space for re-leasing to other tenants

- Leveraging the leasing network of the Sponsor to source new tenants for vacant spaces, or replacement tenants for expiring leases, to achieve optimal occupancy rates for each property

- Negotiating rental rates for new leases or lease renewals, to achieve positive rental reversion and optimize the rental yield of each property

- Ensure optimal tenancy mix so as to deliver stable and optimal returns, while also ensuring sufficient tenant diversification

Active property management

In cooperation with the Fund Manager, the Property Manager will ensure the active maintenance of the Portfolio, so as ensure the best service delivery for our tenants, including, but not limited to

- Having preventive maintenance contracts in place, and contracting reliable and reputable contractors and service providers
- Implementing the capital expenditure schedule and policy in agreement with the Fund Manager to address maintenance issues in advance, conduct refurbishment of assets and other active asset enhancements such as the modernization of building facilities and amenities, as well as equipment and facility upgrades
- Having feedback systems in place to ensure tenants' needs and concerns are appropriately managed
- Ensuring the smooth provision of building facilities, utilities and other amenities for tenants

See "*The Fund Manager and the Property Manager*" in this REIT plan.

Environmental, social and corporate governance efforts

Our Company is committed to responsible growth, reaching underserved markets, reshaping communities and creating value for stakeholders. In addition to the strategies to be implemented primarily by our Fund Manager and Property Manager in collaboration with our Company, we are focused on enhancing and increasing our commitment to our environmental, social and corporate governance efforts in collaboration with our Sponsor.

Environment

Our Company is committed to the environment. As a matter of policy, all new Metro Manila buildings will be LEED (Leadership in Energy and Environmental Design) or BERDE (Building for Ecologically Responsive Design Excellence) Certified. Our Company's ESG efforts have led it to achieve LEED certification for two of the assets in the Portfolio. In particular, Tera Tower and Exxa-Zeta Tower have achieved LEED Gold and LEED Silver certifications, respectively. In addition, our LEED-certified buildings are designed and constructed with energy efficient features such as double-glazed glass façade which reduce the need for cooling, as well as LED lights that reduce power consumption.

Moreover, the Sponsor ensures that mitigating measures are properly implemented in all the APCS (Air Pollution Control Systems), installing and properly regular monitoring and maintenance of the generator sets and the air pollution control facilities, such as, mufflers exhausts, and air conditioning systems filters.

The Sponsor assesses the capability of its waste haulers to manage wastes and garbage, including ensuring that waste is properly disposed in a legally operated landfill that meets the standards of the Department of Environment and Natural Resources ("**DENR**"). In the Sponsor's properties, space is allocated for the materials recovery facility ("**MRF**") and point persons are designated to effectively manage and operate the MRFs according to DENR standards. The Sponsor provides training to maintenance staff who handle the wastes to ensure wastes are properly managed, and hauling is done regularly. For hazardous wastes, the Sponsor engages with DENR accredited transporters and treaters and allocates a separate space to store these wastes in designated facilities before they are collected.

Compliance with environmental laws is fundamental to the Sponsor's operations. Our Sponsor has a designated unit that ensures all aspects of operations in its properties, including those in our Portfolio, are compliant with relevant laws. They ensure the gensets are maintained well to meet air quality standards and that the sewage treatment facilities are fully operational to ensure our effluents meet the Clean Water Act.

Our Company intends to adopt the Sponsor's environment initiatives, highlights of which include:

- Solar power – 21 of RLC's malls use a total of 25,941 kWp of solar power, which is equivalent to around 270,000 trees planted and reduction of around 16,000 tons of carbon dioxide

- Solid waste management – RLC has a partnership with USAID to improve waste segregation and maximize recycling

- Water treatment – 31 of RLC's malls and eight office buildings are designed with either a rainwater collection system or a wastewater treatment and recycling facility to reuse water for non-potable uses

Social

We believe that our Company's Portfolio provides employment opportunities and community development where it is present, particularly in provincial areas. In 2020, the Sponsor, incorporated its very own foundation, Robinsons Land Foundation, Inc., a separate and independent effort from Gokongwei Brothers Foundations, Inc. Our Company will participate in Robinsons Land Foundation's social welfare programs (supporting disaster response, community development & social involvement, health & nutrition, and child welfare & education).

Our Company intends to adopt the Sponsor's social initiatives, highlights which include:

- Equality – we were included in the Bloomberg Gender Equality Index

- COVID-19 – the Sponsor's employees received received Health Kits (including alcohol, gloves, masks, face shield, all-purpose cleaner etc.), food packs and COVID incentives for reporting to work during ECQ; we also assisted the government to host 29 vaccination sites across the country

- Community projects – community projects include the Lingkod Pinoy (37 malls and over 240 government agencies), Transport Hubs, Locally Sourced, COVID-19 relief, Calamity relief, Hunger Relief, Livelihood & Education Programs

The Sponsor hires employees based on capability and alignment with the requirements of the job. In the hiring process, the Sponsor does not discriminate against any person in terms of gender, ethnicity, age, and other circumstances. The Sponsor applies anticipatory hiring strategy looking at the needs in the next three to five years based on our long-term business strategy. They have an intake program to hire early on and better prepare the new hires even before the actual needs arises.

In terms of gender diversity, the Sponsor currently has about 58% female and 42% male employees, and is working towards striking a better balance in terms of gender. The Sponsor was included in the 2020 Bloomberg Gender Equality Index for scoring at or above global threshold established by Bloomberg to reflect high level of disclosure and over-all performance across the frameworks' five pillars: Female Leadership and Talent Pipeline; Equal pay and Gender Pay Parity; Inclusive Culture; Sexual Harassment Polices; and Pro-Women Brand.

In particular, the Sponsor scored high in Female Leadership and Talent Pipeline or equal representation and opportunities in the workplace. The Sponsor's employees are 58% women. It can also be noted that 56% of promoted employees are female.

The Sponsor benchmarks its benefit structure with industry standards and adjusts accordingly to stay within the industry average. On top of government-mandated benefits, the Sponsor provides other benefits as part of its engagement initiatives such as healthcare coverage (HMOs), life insurance, medical allowance, rice subsidy, bereavement assistance, discounts to the products, and access to affordable emergency loans.

Governance

Our Company's Governance Policies conform to the SEC Corporate Governance Code. All assets considered for acquisition require FM Board recommendation and various regulatory approvals.

Our Company fosters transparency, compliance, and adherence to the highest standard of governance. Our audit committee is headed by an Independent Director and our Related Party Transactions Committee is also headed by and Independent Director. We have three (3) Independent Directors on our Board. Unanimous vote of Independent Directors is required for certain transactions such as Related Party Transactions.

The Sponsor ensures that it maintains the highest standards of corporate governance (e.g., anti-corruption in all the transactions to ensure that economic value flows to the right stakeholders). The Sponsor pays a fair price to all stakeholders to ensure equitable distribution of economic value. Year-on-year, the Sponsor monitors the total economic value distribution as percentage of revenue. In the last five years, an average of 84% of revenues has flowed back to the economy. The value that retained is reinvested to drive future growth.

INVESTMENT POLICY

Our Company's principal investment strategy is to invest on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major CBDs and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as IT-BPM and BPO services generally, to secure stable occupancy and income from operations.

In determining future investments to expand our REIT Portfolio, key criteria in making an investment decision include:

- **Location and Accessibility:** the potential property should be (i) located in a CBD, emerging business districts or in key cities across the Philippines, typically with high-growth potential; and (ii) in proximity to various modes of public transport and major roads for enhanced accessibility to tenants;

- **Tenant Profile:** the potential property should target to contribute to the portfolio's diversified tenant base, with an emphasis on tenants operating in essential services (including across all sub-sectors of the IT-BPM and BPO industry and traditional office tenants offering banking services, among others); and

- **PEZA Registration:** to the extent available, the potential property should be PEZA-registered or otherwise located in a PEZA-registered IT park.

The above key criteria are not intended to guide our Company in making an investment decision and it is not required that each item is strictly met (for example, it is not required that a potential property is PEZA-registered), provided there are sufficient other criteria that in our reasonable judgment would allow our Company to meet its investment objectives.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of our properties. The Fund Manager and the Property Manager aim to promote growth in returns by obtaining better lease terms through pro-active lease negotiations, by optimizing the use of the GLA at each of the Properties, and by taking advantage of desirable opportunities for property acquisition.

The Fund Manager intends to hold the Properties in our Portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Fund Manager may also consider divesting properties or part thereof to realize their optimal market potential and value. In the future, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income growth in order to free up capital and reinvest proceeds into properties that meet our investment criteria.

Investment Limitations

Our Company's business activities and investments are, however, subject to certain limitations under the REIT Law.

Investments

Pursuant to the REIT Law (and in many instances subject to the approval of the Philippines SEC), our Company generally may invest only in:

- real estate and real estate-related assets;
- evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;
- bonds and other forms of indebtedness issued by:
    - the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the SEC that is at least two notches higher than that of Philippines bonds; and
    - supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development, Asian Development Bank);
- corporate bonds of non-property privately-owned domestic corporations duly registered with the SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;
- corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the SEC and the foreign country grants reciprocal rights to Filipinos;
- commercial papers duly registered with the SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;
- equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;
- cash and cash equivalents;

- collective investment schemes, duly registered with the SEC or organized pursuant to the rules and regulations of the BSP; provided however that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;
- offshore mutual funds with rating acceptable to the SEC; and
- synthetic investment products (i.e. derivatives and other such securities), provided that: (i) synthetic investment products shall not constitute more than 5% of the investible funds of the REIT; (ii) the REIT shall avail of such synthetic investment products solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) the synthetic investment products shall be accounted for in accordance with PFRS; (iv) the synthetic investment products shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the SEC; and (iv) the use of synthetic investment products shall be disclosed in this REIT Plan and under special authority from the SEC.

At least 75% of the Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35% of the Deposited Property should be invested in property located in the Philippines, and in no case may our Company's investments in such property fall below 35% of the Deposited Property. Additionally, our Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

As described above, a REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15% of the funds of a REIT may be invested in any one issuer's securities or any one managed fund, except with respect to Philippine government securities, where the limit is 25%.

Borrowing

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that our Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may our Fund Manager borrow on behalf of our Company from any of the funds under its management.

Property Development

Pursuant to the REIT Law, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless:

- it intends to hold in fee simple the developed property for at least three years from date of completion;
- the purchase agreement of the property is made subject to the completion of the building with proper cover for construction risks;
- the development and construction of the real state shall be carried out on terms which are the best available for the REIT and which are no less favorable to the REIT than an arm's length transaction between independent parties; and
- the prospects for the real estate upon completion can be reasonably expected to be favorable.

Exit Strategy

As a general practice, we arrange for the terms of our land and building leases from the Sponsor to be coordinated with the useful life of the Properties in our portfolio.

Our Company has no current joint ownership arrangement. In the event that such an arrangement arises in the future, our Company will provide for an appropriate means of exiting that relationship.

RLC REIT does not depend on the Sponsor to support its business and operations. In the event that the Sponsor decides to divest certain of the properties subject of our building and land lease agreements, including the Cybergate Center Leases and the Land Leases, under the terms of such agreements, our Company has a right of first refusal over the relevant leased property (the "**Option to Purchase**"). Under the terms of the Option to Purchase for each of the lease agreements with the Sponsor, the Sponsor is required to notify RLC REIT of its intention to sell the relevant property and offer the same to RLC REIT before this may be offered for sale to any third parties. The lease agreements also provide for the Sponsor's commitment to assist our Company in the sale and transfer of the relevant property.

RECENT DEVELOPMENTS

Lease Agreements

On July 16, 2021, our Company and the Sponsor entered into the agreements for the lease of the two Cybergate Center Buildings and the lease agreements over the land where the following Assigned Properties are located: Cyberscape Alpha, Cyberscape Beta, Tera Tower, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Galleria Cebu, Luisita BTS 1, Cybergate Naga, and Cybergate Delta 1. These are all long-term agreements with lease terms of 98 and 99 years and with the lease term commencing on the date of the issuance of the Philippine SEC approval of the AOI Amendments, which includes the approval for the increase in authorized capital stock and the Property-for-Share Swap. The AOI Amendments were approved on August 2, 2021. The lease rental rate for each of the Cybergate Center Leases and Land Leases is 7% of the Rental Income of the relevant Assigned Property per month. Furthermore, there is no minimum guaranteed lease payment. See *"—The Properties*" and "*Certain Agreements Relating to Our Company and the Properties*" for further details of the lease agreements.

Following the commencement of such leases, the Company shall account for the Cybergate Center Leases and the Land Leases under a contingent/variable lease arrangement by recording an expense in the statement of comprehensive income equivalent to 7% of the rental income generated by the underlying office assets on a monthly basis in accordance with PFRS 16.

PFRS 16 requires a lessee to recognize a right-of-use asset and lease liability in the statement of financial position for long-term leases. The lease liability is measured at the commencement date of the lease as the present value of future "lease payments" discounted over the lease term at the rate implicit in the lease. "Lease payments" pertain to payments over the term of the lease that are reasonably estimable such as fixed lease payments and variable lease payments that depend on an index or a benchmark rate. Under PFRS 16, variable lease payments that do not depend on an index or benchmark rate, including variable lease payments that are wholly contingent or linked to the future performance of the underlying assets such as revenues or turnover similar to the terms and conditions of the Cybergate Center Leases and the Land Leases, do not meet the definition of "lease payments" under PFRS 16. Accordingly, the basis in which to determine the future lease payments to measure the right of use asset and lease liability cannot be reasonably estimated. As such, the related lease payments/rent expense that is determined on a contingent/variable lease arrangement is recognized as an expense in the statement of comprehensive income in the period in which the event or condition occurs.

Recent Developments Relating to the COVID-19 Pandemic

Background

Following the outbreak of the coronavirus disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 coronavirus disease ("**COVID-19**") outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Government placed Metro Manila under "community quarantine", which started on March 15, 2020, and which, among others, restricted traveling through land, domestic air, and domestic sea from Metro Manila. On the second day of the implementation of the said community quarantine, the Philippine government declared a Luzon-wide "enhanced community quarantine" ("**ECQ**") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of

Luzon, except by diplomats and uniformed workers (carrying medical supplies), among others. On May 16, 2020, the Government started to ease its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine ("**MECQ**") and thereafter eased its quarantine restrictions in certain areas and Metro Manila, placing these under a general community quarantine ("**GCQ**") or modified GCQ ("**MGCQ**"). The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restraints on travel and business operations in the Philippines. The Government continues to calibrate the imposition of these measures depending on the situation in specific localities. On March 27, 2021, the Government placed Metro Manila and neighboring provinces under ECQ from March 29, 2021 to April 11, 2021, due to a surge in COVID-19 cases in these areas; thereafter, the community quarantine measures in Metro Manila and certain neighboring provinces were eased to GCQ, with heightened restrictions. The Government subsequently implemented ECQ in Metro Manila from August 6, 2021 to August 20, 2021, which may be extended by the Government depending on its assessment of the situation.

Impact on the Operations of the Properties

Amid COVID-19 and in compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The Properties continued operations because these are occupied by tenants providing essential services, such as banks, or were otherwise occupied by BPOs, which were permitted to continue operations under the Government's community quarantine guidelines. There were no rental abatements granted to our tenants during this period.

Measures to Mitigate the Spread of COVID-19

We understand the potential material impact of COVID-19 on our financial performance, the execution of our plans and strategies, and on our tenants should the situation persist in the longer-term.

We are fully committed to cooperate and support the Government's efforts to control the spread of the virus. In addition to complying with the guidelines, rules and regulations issued by the Government, we have established business continuity plans, and have taken immediate actions to ensure that our services remain available. We deployed skeleton workforces in various geographic locations and employed contingency measures such as flexible personnel resourcing and off-site working facilities.

We have implemented appropriate and enhanced measures in an effort to contain the spread of the virus within the Properties. Measures implemented at the Properties include the following:

- Mandatory wearing of face mask, face shield and gloves by our frontliners (i.e., the building administrative team, security guards, janitors and technicians);
- Notices/reminders for tenants and building occupants to maintain physical distance and to wear a face mask;
- Ensuring our maintenance crew are fully equipped with disinfecting materials, such as alcohol and hand soap;
- Placing acrylic barriers at the reception counters;
- Strict implementation of the following building entry protocols: checking of company ID and face mask, observance of one-meter physical distancing, using/scanning QR codes for contact tracing, with foot baths to disinfect footwear, temperature checking, hand sanitation, and with isolation areas for those who will not be allowed entry to the building;
- Placing alcohol and hand sanitizers at entry points (i.e., the building entrance, elevator, alternate entry/exit (fire exit));
- Installing copper films in high-touch point areas;
- Designating isolation/holding areas;
- Adjusting elevator capacity, such that only four passengers are allowed per elevator and placing markings on the prescribed manner of standing when inside the elevator. There are also health & safety reminders placed inside the elevators;
- Placing floor markings in all common areas to remind everyone on queuing and social distancing;
- Modifying the use of restrooms to avoid crowding;
- Placing various signage (printed and digital) within the building to remind everyone on the safety and health protocols; and

- On-line processing/approval of various building transactions such as gate pass requisition, application of work permit, approval of deliveries, and virtual meetings are also being practiced.

Our Sponsor has also established corporate policies to maximize the use of digital or online platforms for corporate communications and virtual meetings to limit physical contact. Decentralized and/or remote-working arrangements for the Sponsor's employees have also been instituted. We are focused on ensuring a safe environment for our tenants in order to rebuild workplace and business confidence.

HISTORY

Our Company was incorporated on May 16, 1988 as Robinson's Realty Management Corporation. On July 18, 1996, our Company changed its name from Robinson's Realty Management Corporation to Robinsons Realty and Management Corporation. Prior to its designation as the Sponsor's commercial and office asset REIT entity, while the primary purpose of our Company was to acquire and own, use, improve develop, sell, lease and hold for investment or otherwise, real estate and real estate-related assets, our Company was not engaged in any business operations and did not hold any property since its incorporation in 1988.

In preparation for this Offering and as part of the transition into a REIT company, we filed an application with the Philippine SEC on April 27, 2021 for certain amendments to our Articles of Incorporation, including: (i) a further change of name to RL Commercial REIT, Inc.; (ii) amending the primary purpose of our Company to engage in the business of a REIT, as provided under the REIT Law; (iii) changing our principal office address; (iv) the denial of pre-emptive rights to all stockholders of our Company; and (v) increasing the authorized capital stock of our Company from ₱100,000,000, divided into 100,000,000 common shares with par value of ₱1.00 per share, to 39,795,988,732 Shares with par value of ₱1.00 per Share (collectively, the "**AOI Amendments**"). The AOI Amendments were approved on August 2, 2021.

In addition, our Company and the Sponsor entered into the REIT Formation Transactions, a series of transactions for the sale, transfer and/or lease of the Properties comprising our Portfolio.

REIT Formation Transactions

Property-for-Share Swap

On April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred to RLC REIT the following Assigned Properties for an aggregate consideration of ₱59,046,000,000.00: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa Tower and Zeta Tower (collectively referred to in this REIT Plan as one Property, the "Exxa-Zeta Tower"), Robinsons Cybergate Cebu (5/F to 7/F), Galleria Cebu (3/F to 4/F), Luisita BTS 1, Cybergate Naga (3/F to 5/F), and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center ((i) and (ii), collectively, the "**Assigned Properties**", and such transaction, the "**Property-for-Share Swap**").

	Property Name	Asset Description
1.	Robinsons Equitable Tower	96 office condominium units
2.	Robinsons Summit Center	31 condominium units
3.	Cyberscape Alpha	25-storey building
4.	Cyberscape Beta	36-storey building
5.	Tera Tower	20-storey building
6.	Cyber Sigma	20-storey building
7.	Exxa Tower	One of two buildings of a twin tower development with 20 storeys per tower
8.	Zeta Tower	One of two buildings of a twin tower development with 20 storeys per tower
9.	Robinsons Cybergate Cebu	5/F to 7/F of a 7-storey building

	Property Name	Asset Description
10.	Galleria Cebu	3/F to 4/F of a 4-storey building
11.	Luisita BTS 1	3-storey building
12.	Cybergate Naga	3/F to 5/F of a 5-storey building
13.	Cybergate Delta 1	5-storey building

In consideration for the Assigned Properties, our Company approved the issuance of 9,923,997,183 Shares in favor of the Sponsor with an aggregate par value of ₱9,923,997,183.00 with the remaining amount of ₱49,122,002,817.00 being treated as additional paid-in capital without issuance of additional Shares. The 9,923,997,183 Shares will be issued out of the increase in the Company's authorized capital stock to ₱39,795,988,732.00, which was also approved by the Board of Directors on April 15, 2021. The application for increase in our Company's authorized capital stock, together with the other AOI Amendments, was approved by the SEC on August 2, 2021.

As a result of the Property-for-Share Swap and the AOI Amendments, the authorized capital stock of RLC REIT is ₱39,795,988,732.00, ₱9,948,997,197.00 of which represents issued and outstanding capital stock, divided into 9,948,997,197 Shares with a par value of ₱1.00 per Share.

As part of the application for the approval of the Property-for-Share Swap, the Company engaged SKF to prepare independent valuation reports for each of the Assigned Properties. FTI Consulting Philippines, Inc. issued the fairness opinion presenting the basis for its assessment on the fairness of the exchange ratio for the Property-for-Share Swap. The value of the Assigned Properties was ₱59,046,000,000.00, which represents the aggregate amount of the estimated market value of each Assigned Property as of September 30, 2020 based on the independent valuation of SKF. The approval by the SEC of the Property-for-Share Swap and the Company's increase in authorized capital stock from which the 9,923,997,183 Shares will be issued is expected to be obtained before the issuance of the Pre-Effective Letter by the Philippine SEC. Out of the 9,923,997,183 new Shares that will be issued to the Sponsor, 3,317,864,010 Shares comprise the Firm Shares and up to 305,103,000 Shares shall comprise the Option Shares.

Lease Agreements

On July 16, 2021, our Company and the Sponsor entered into the Cybergate Center Leases for the lease of the Cybergate Center Buildings and the Land Leases with the Sponsor for the lease of the lands where the Cyberscape Alpha, Cyberscape Beta, Tera Tower, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Galleria Cebu, Luisita BTS 1, Cybergate Naga, and Cybergate Delta 1 buildings are located. See "*Certain Agreements relating to our Company and the Properties*" for further details. There are no adverse claims on any of the parcels of land leased from the Sponsor and from BCDA. The Land Leases are for periods of 98 years and 99 years. Under applicable law, the maximum lease term is 99 years. In those cases where two Properties are in the same vicinty, the lease terms are a combination of 99 years and 98 years such that the lease would not expire at the same time. In respect of the Cybergate Center Buildings, these buildings are adjacent to a mall and fall under a single tax title with the mall. As such, we decided to carve-out and lease the Cybergate Center Buildings, which are office buildings, to avoid subjecting potential REIT investors to the uncertainty of the retail market at this time.

On April 11, 2021, Republic Act No. 11534, otherwise known as the CREATE Law, took effect. The CREATE Law removed the requirement of prior confirmation of the tax-free nature of an exchange under Section 40(C)(2) of the NIRC from the BIR for purposes of availing of the tax exemption. As such, at present, only a tax clearance or CAR (Certificate Authorizing Registration) need be obtained from the relevant Revenue District Office. The CAR must be obtained before legal title to the Assigned Properties can be transferred to RLC REIT. As of the date of this REIT Plan, each CAR authorizing the transfer of legal title over each of the Assigned Properties from the Sponsor to our Company have all been obtained.

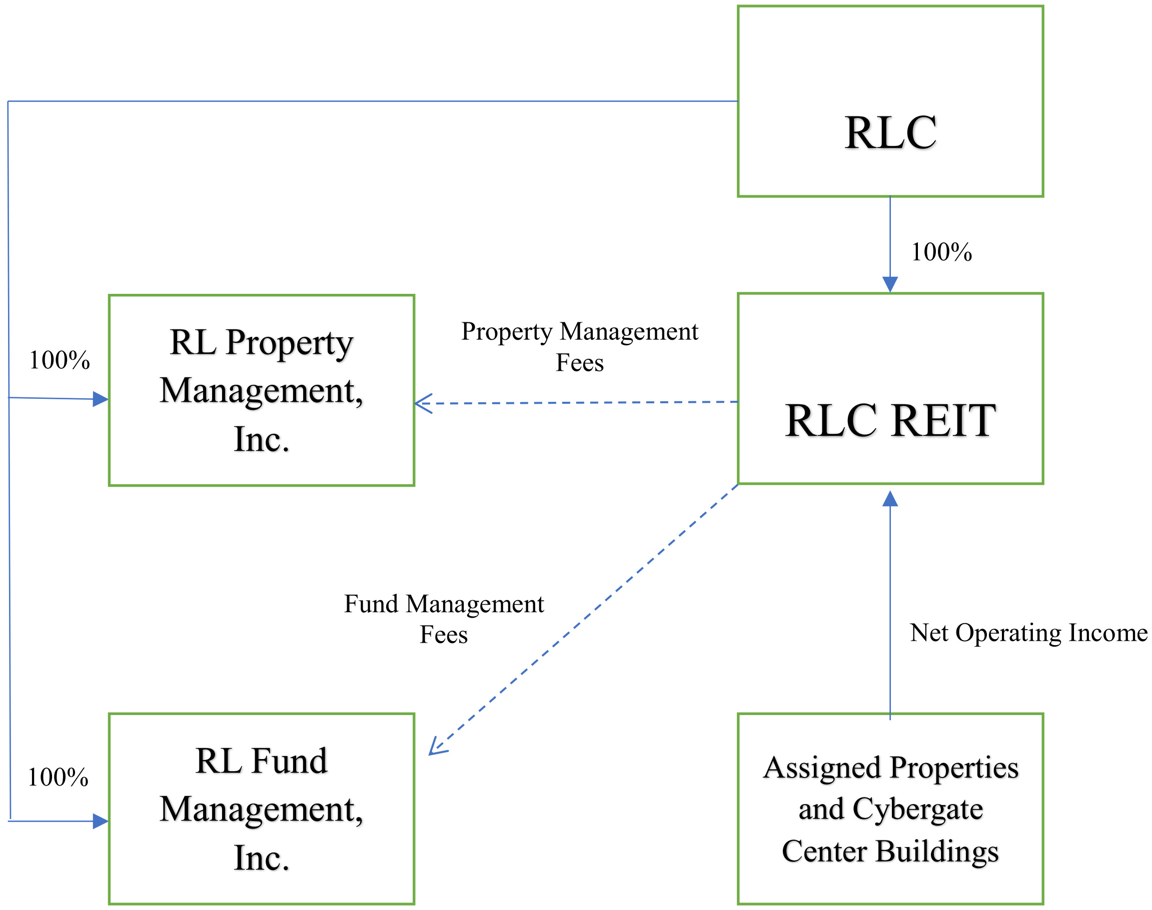
History of Development of the Properties

Our Sponsor, through its Office Building Division, developed each of the Properties. The table below sets out the milestones and other key milestones for each Property and the Portfolio:

Year	Milestone
1999	Robinsons Equitable Tower is completed
2001	Robinsons Summit is completed
2007	Robinsons Cybergate Center 2 is completed
2008	Robinsons Cybergate Center 3 is completed
2011	Robinsons Cybergate Cebu is completed
2014	Cyberscape Alpha and Cyberscape Beta are completed
2015	Tera Tower is completed
2017	Cyber Sigma and Galleria Cebu are completed
2018	Exxa-Zeta Tower, Luisita BTS 1, Cybergate Naga and Cybergate Delta 1 are completed
2021	Our Company and RLC entered into a Comprehensive Deed of Assignment as part of the Property-for-Share Swap for the transfer of the Assigned Properties, the lease agreements covering the Cybergate Center Buildings and the parcels of land where certain of the Assigned Properties are located, as part of the REIT Formation Transactions

CORPORATE AND SHAREHOLDING STRUCTURE

The chart below sets out our corporate and managerial structure as of the date of this REIT Plan.



For information on our structure after the Offering, see "*The Formation and Structure of RLC REIT—Operational Structure*."

MARKETING, LEASING AND MAINTENANCE ACTIVITIES

Marketing

The Properties will be actively marketed by the Property Manager to prospective tenants in desired target groups through advertisements in the print media, direct calls and liaising with property consultants such as Jones Lang LaSalle, Colliers, CB Richard Ellis, and Santos Knight Frank. The Property Manager's marketing expenses are expected to primarily comprise advertising and promotion expenses, selling expenses, and tenant renovation allowances. The consultants and prospective tenants are also regularly updated with the list of available retail or office units for rental. Viewings of the premises will be conducted regularly with prospective tenants. The Property Manager will also explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsor. See "*The Property Manager*."

Lease Agreements and Rental Rates

The lease agreements entered into with the tenants of the Properties contain terms and conditions, including those relating to duration of the lease, provision of security deposit as well as alteration and improvement works, generally comparable with customary commercial and office lease agreements in the Philippines. Our Company's current lease contracts have a typical term of three to five years. Tenants of the Properties typically pay a security deposit equal to three months' rent which is forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the effectivity of its pre-termination option (if any), or if the tenant defaults (e.g., non-payment of rent). Tenants are also typically required to pay advance rental payments equivalent to three months' rent, which are applied to either the first or last three months of the lease term. Tenants of the Properties pay monthly rent as well as a monthly common use service area ("**CUSA**") fee for the maintenance of the building, services, and the upkeep of common areas. Public utilities such as power and water are charged and billed directly by the utilities provider or are billed directly by the Property pursuant to sub-meters assigned to the leased space and for which the tenant is charged a distribution and maintenance fee over the rates charged by the utility companies. The tenants are typically required to pay the monthly rent in advance on a monthly or quarterly basis, on or before the fifth day of the first month of the quarter or of the month to which the rent corresponds, without need of further demand.

Rental rates for the Properties are generally fixed in advance for the tenure of the lease term and are subject to review and renegotiation on expiry of the lease. In line with market practice in the Philippines, the lease agreements generally do not provide for rent reviews during the period of the lease. In addition, a significant proportion of leases include a step-up provision or escalation negotiated at the time of the entering into of a lease, whereby the base rent is increased by a fixed quantum/percentage annually during the lease term. As of June 30, 2021, the typical yearly rental escalation was 3% to 5%.

In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as right to space expansion, rent-free fitting out period, and assignment rights. The tenant will normally take possession of the premises after it has made the requisite payments and has formally executed the lease agreement.

We offer standard office spaces and build-to-suit office spaces. Our standard office spaces provide basic features and amenities catering primarily to the general needs of any IT-BPM company. Our build-to-suit office spaces are properties designed in coordination with and with the cooperation of the prospective tenant. These spaces are custom-built and fit-out by the tenant in accordance with its specifications and operational requirements. Leasable spaces are generally delivered in "bare shell" form. Pursuant to the lease agreement, a tenant may also give the right to occupy the leased premises rent-free for a certain number of months prior to the commencement of the lease to fit-out the premises, provided that the tenant has signed the contract of lease, paid all required deposits, advance rents and bonds, and obtained relevant occupancy and business permits, and that the building manager has issued a notice to proceed or its approval after reviewing the fit-out plans of the tenant.

All alterations, additions, or improvements made by or on behalf of the tenant shall become our property at the expiry of the termination of the lease, without further compensation to the tenant, except for alterations, additions or improvements which are movable or detachable without defacing, injuring or damaging the leased premises. However, we may also require tenants to restore the leased space to its original condition prior to the commencement of the lease.

In addition, we have the right to terminate leases upon the occurrence of certain events, such as non-payment of rent, insolvency of the tenant, breach of covenants by the tenant, failure of the tenant to pay its CUSA for at least two months, when there is a change in control in the principal stockholder(s) of the tenant and the new controlling principal stockholder(s) would not be acceptable to our Company, or if we are unwilling to continue the lease with the tenant, among others.

Lease Management

As of the date of this REIT Plan, the Properties generally enjoy favorable occupancy of over 95%. As tenant retention is critical to minimizing the turnover of leases, the Property Manager will maintain close communication and a good working relationship with the existing tenants and work with the Fund Manager to manage lease renewals and new leases diligently in order to minimize gaps arising due to either lease expiries or early terminations, including through advance lease negotiations with tenants whose leases are about to expire, searching for potential tenants to take over expected vacancies, and monitoring rent arrears to minimize defaults by tenants. To ensure the timely payment of rent, arrears management procedures will also be enforced to ensure timely payment of rent. We believe that these proactive steps to retain tenants and reduce rental in arrears will help to maintain a stable income stream for our Company.

We believe that we have been able to successfully retain tenants and historically have enjoyed a high level of lease renewals in line with the relevant market rates. The table below summarizes renewals on the Properties' leases which have been renewed or replaced since the commencement of operations of the relevant Property:

Top 10 Tenants*	**Number of leases expired**	**GLA of expired leases**	**Number of expired leases renewed**	**Total renewed GLA**	**Renewal rate by number of leases**	**Renewal rate by expired lease area**
	(count)	**(sqm)**	**(count)**	**(sqm)**	**(%)**	**(%)**
2018	0	0	N/A	N/A	N/A	N/A
2019	3	14,771	3	14,771	100%	100%
2020	11	65,183	11	65,183	100%	100%
2021 (through June 30, 2021)	2	22,692	2	22,692	100%	100%
Total	16	102,646	16	102,646	100%	100%

**Our Top 10 Tenants exclude our Company's affiliates.*

Maintenance

Over the course of the useful life of the Properties, the Property Manager will maintain the Properties. Based on applicable estimated useful life and depreciation accounting assumptions, the average remaining useful life of the assets in the Portfolio is approximately 22 years. We endeavor to keep the Properties in good working order, subject to high commercial standards, with amenities and facilities that address the requirements of our tenants. These efforts mean expending funds to complete routine maintenance, including maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades, as well as extraordinary maintenance, in the event of damage from weather disturbances, such as typhoons, earthquakes, or floods, and from other unforeseen events. It is expected that such necessary maintenance will be funded by the Property Manager with cash. We anticipate capex maintenance to be approximately 1.5% of our Rental Income annually, to fund routine and extraordinary maintenance activities.

Third-Party Suppliers

Presently, the major suppliers of the Properties are primarily third-party companies in charge of particular building functions. These include manpower services, such as but not limited to sanitation (garbage hauling), housekeeping, pest control, engineering, technical maintenance, other related maintenance services, and security. The contracts with these third parties are non-exclusive arrangements and some contracts are secured with a performance bond, which shall be cancelled or released only upon performance of all contractual and statutory duties and obligations. Contractors are likewise required to obtain and maintain at their own expense and throughout the term of the contracts, sufficient liability insurance issued by an insurance company acceptable to us. We are not dependent upon one or a limited number of suppliers.

GREEN INITIATIVES

The Tera Tower and the Exxa-Zeta Towers have received "Leadership in Energy and Environmental Design" (LEED) certifications. In particular, Tera Tower and Exxa-Zeta Tower have achieved LEED Gold and LEED Silver certification, respectively. The energy efficient and environment-friendly features of the LEED-certified buildings include double glazed glass windows that allow natural light while blocking out noise and heat; LED lighting in common areas; water recycling for plant irrigation; column-free office spaces; disabled-friendly ramps; and a garden. See "—*Business Strategies—Environmental, social and corporate governance efforts*" for further details on our Company's green initiatives.

INSURANCE

Each of the Properties is fully insured equivalent to their respective replacement value. Our Company maintains comprehensive insurance policies against catastrophic perils including but not limited to typhoon, fire, flood and earthquake to cover projects against loss from property damage, third party liability and business interruption based on declared values for each project and location and on probable maximum loss scenarios. However, there can be no assurance that our Company will be adequately compensated for all damages and economic losses resulting from such natural or other catastrophes. Our Company endeavors to mitigate this risk by keeping our properties and business in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character. Nevertheless, there are certain types of risks for which insurance has not been obtained as these are not customary in the industry, including for losses resulting from war, acts of terrorism and related activities. In addition, under our lease agreements our tenants are required to obtain their own insurance.

INTELLECTUAL PROPERTY

As of the date of this REIT Plan, we have filed an application for the trademark registration of our Company's logo with the Philippine Intellectual Property Office.

Trademark/Intellectual Property	Application No.	Date of Application
RL COMMERCIAL REIT	04-2021-517664	27 July 2021

We are also the owner of one domain name: www.rlcommercialreit.com.ph.

In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

EMPLOYEES

The employees of the Property Manager will be responsible for supervising, managing, leasing, operating, and maintaining the Properties in our Portfolio pursuant to the terms of the Property Management Agreement. The employees of the Fund Manager will be responsible for implementing our Company's investment strategies and managing our assets. As such, our Company will not be directly hiring its own employees. In addition, the RLC Group will provide certain services to our Company, including IT services as well as operational and administrative functions incurred in the normal operations of a business. We believe that our Company, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit standards, as well as applicable labor and employment regulations. For information on our Board of Directors and officers, see "*Board of Directors and Senior Management*."

COMPETITION

We believe that competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, supply of comparable space, changing needs of business users, and PEZA registration. We believe that our primary competitors in Metro Manila for commercial spaces primarily used for office purposes include Ayala Land, Inc. and its REIT subsidiary, AREIT, DoubleDragon Properties and its subsidiary, DDMP REIT, Megaworld Corporation, SM Prime Holdings, Inc. and Filinvest Land, Inc.

In Naga, no other major developers yet but competitors include local developers in the city.

In Cebu, major competitors include Ayala Land, Filinvest, Megaworld and other local developers.

In Davao, major competitors include Ayala Land, Filinvest, Megaworld, and SM Prime Holdings and other local developers.

We compete on the basis of the strategic locations of our buildings, including their proximity to the malls and residences as part of its mixed-use developments and accessibility to public transportation. We believe that our Properties benefit from our Sponsor's established reputation of good quality, ease of doing business, and completing projects on time, which makes our Properties among the most preferred choices of the IT-BPM industry as well as local and multinational companies. We are committed to providing an excellent customer experience and satisfaction by offering and maintaining office projects of high quality and reliability, meeting the evolving needs of our customers.

REGULATORY COMPLIANCE

See "*Licenses and Permits*." See also *"Regulatory and Environmental Matters"* for the laws and regulations that affect our Company.

LEGAL PROCEEDINGS

None of RLC REIT, the Fund Manager, the Property Manager and/or the Properties is currently involved in any material litigation nor, to the best of our knowledge, is any material litigation currently contemplated or threatened against us, the Fund Manager or the Property Manager or involving any of the Properties.

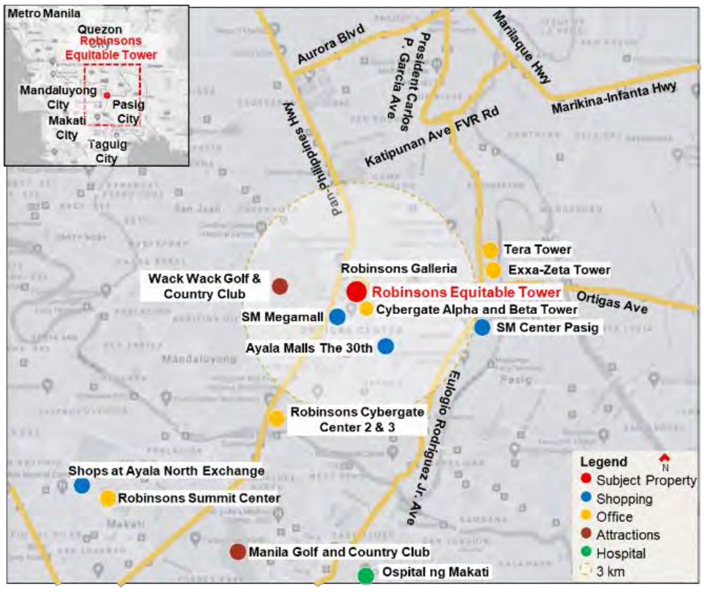
THE PROPERTIES

Robinsons Equitable Tower

Robinsons-Equitable Tower is a Grade A, PEZA-registered, 45-storey office tower with four basement levels developed by Robinsons Land Corporation and located in the Ortigas Center CBD, Pasig City, Metro Manila. Before the implementation of the REIT Formation Transactions, the condominium units were owned by the Sponsor and unrelated third parties as evidenced by their respective CCTs representing their ownership interest in the relevant office condominium unit and an undivided interest in the land where the building is located.

Following the completion of the REIT Formation Transactions, our Company owns 27.2% of the units / 96 office condominium units and 38 parking slots in the Robinsons-Equitable Tower with an aggregate GLA of 14,365 sqm. As a condominium owner, our Company also owns an undivided interest in the land on which the Robinsons Equitable Tower is located.

The Robinsons-Equitable Tower is part of the Robinsons Galleria Complex in the Ortigas Center CBD and is surrounded by four major thoroughfares: EDSA, Ortigas Avenue, Meralco Avenue and Shaw Boulevard, providing easy access to/from various areas of Metro Manila. Public transportation is primarily available along EDSA as well as the MRT line.



Key Asset Information

Address	ADB Avenue corner Poveda Street, Ortigas CBD, Pasig City, Metro Manila
Building Completion	1999
Title over Land	Undivided interest in land owned pursuant to CCTs
Title over Units	Freehold over 96 Units
No. of Floors	45 storeys (the 3rd to 6th storeys used primarily as parking areas) and four basement levels
Parking Slots	38
GLA (sqm)	14,365
Gross Rental Income*	₱86.2 million (US$1.8 million)
Occupancy Rate**	99%
Committed Occupancy**	99%
No. of Tenants**	16
Valuation***	₱3,426.0 million (US$70.6 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	157.4	158.0	159.4	86.2
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	93%	100%	99%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Our units in the Robinsons Equitable Tower had 16 tenants as of June 30, 2021 and its major tenants are primarily from the Traditional sector, including certain of our related parties, L'Oreal Philippines, Inc., BCM Educational Group, Inc. and Mitsubishi Heavy Industries.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant	Sector	% of total GLA of Robinsons Equitable Tower	Lease Expiry Date
1	BCM Educational Group, Inc.	Traditional	9.9%	2025
2	L'Oreal Philippines, Inc.	Traditional	9.9%	2024
3	Mitsubishi Heavy Industries	Traditional	9.9%	2024
4	White Sky Labs	Traditional	9.9%	2022
5	Orchid Cybertech Services, Inc.	IT-BPM	3.0%	2021
6	Dermlight, Inc.	Traditional	2.9%	2022
7	Biosthetic Corporation	Traditional	2.9%	2022
8	BWL Health Sciences, Inc.	Traditional	2.3%	2023
9	RET Tenant I	Traditional	2.0%	2024
10	RET Tenant J	Traditional	2.0%	2021

As of June 30, 2021, the 10 largest tenants in the Robinsons Equitable Tower in terms of GLA accounted for approximately 54.9% of GLA and contributed 51.8% of its total Rental Income for the six months ended June 30, 2021. For the same period, the Traditional Sector representing 96.8% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, JG Summit Holdings, Inc., Robinsons Bank Corporation, and Unicon Insurance Brokers Corporationlease approximately 41.1% of the GLA of Robinsons Equitable Tower. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

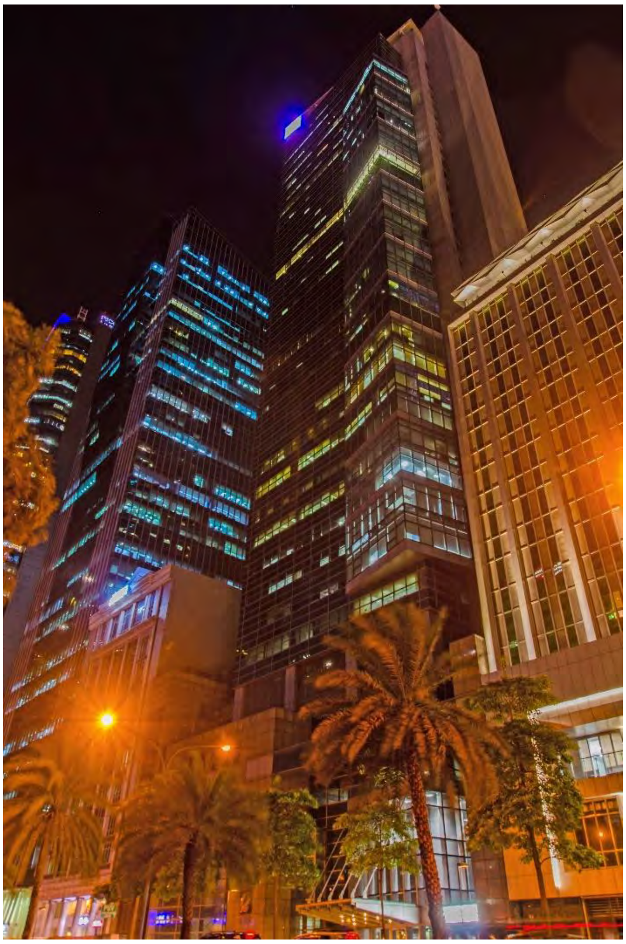
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Robinsons Equitable Tower	Percentage of Expiring Rental Income to Total Rental Income of Robinsons Equitable Tower
2021	1,609	11.2%	11.8%
2022	2,560	17.8%	16.3%
2023	4,037	28.1%	30.4%
2024	3,147	21.9%	20.5%
2025 and beyond....	2,867	20.0%	21.1%

As of the date of this REIT Plan, the 1,609 sqm expiring GLA in 2021 is under negotiation.

Robinsons Summit Center

Robinsons Summit Center is a Grade A, PEZA-registered, 37-storey office tower with four basement levels located along Ayala Avenue in the Makati City CBD, Metro Manila. Before the implementation of the REIT Formation Transactions, the condominium units were owned by the Sponsor and unrelated third parties as evidenced by their respective CCTs representing their ownership interest in the relevant office condominium unit and an undivided interest in the land where the building is located. Following the completion of the REIT Formation Transactions, our Company owns 31 office condominium units and 301 parking slots, together with certain machinery and equipment in the Robinsons Summit Tower with an aggregate GLA of 31,394 sqm. As a condominium owner, our Company also owns an undivided interest in the land on which the Robinsons Summit Tower is located.



The Robinsons Summit Center is located along Ayala Avenue, the main thoroughfare of the Makati CBD surrounded by medium and high-rise office buildings and is in proximity to the luxury hotels, retail destinations, and some residential condominium developments. Public transport is easily available throughout the day along Ayala Avenue and other facilities such as the post office, hospitals and schools are accessible from this Property.

Key Asset Information

Address	Ayala Avenue, Makati City CBD, Metro Manila
Building Completion	2001
Title over Land	Undivided interest in land owned pursuant to CCTs
Title over Units	Freehold over 31 Units
No. of Floors	37 storeys and four basement levels
Parking Slots	301
GLA (sqm)	31,394
Gross Rental Income*	₱284.1 million (US$5.9 million)
Occupancy Rate**	99%
Committed Occupancy**	99%
No. of Tenants**	27
Valuation**	₱11,476.0 million (US$236.4 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	430.0	451.3	515.0	284.1
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	84%**	99%

**As derived from the Combined Carve-out Financial Statements.*
***The Committed Occupancy Rate as of December 31, 2020 is 98%.*

Tenant Profile

The units in the Robinsons Summit Tower had 27 tenants as of June 30, 2021 and its major tenants are from a mix of the Seat Leasing, Traditional, IT-BPM and POGO sectors.

The table below sets out selected information about the 10 largest tenants (based on GLA) as ofJune 30, 2021.

	Tenant	Sector	% of total GLA of Robinsons Summit Tower	Lease Expiry Date
1	Corporate Executive Offices, Inc.	Seat Leasing	8.0%	2021/2022/2023
2	Smart Communications, Inc.	Traditional	6.7%	2023
3	Gorgeous Legend Business Solutions, Inc.	POGO	6.7%	2024
4	Avaloq	IT-BPM	6.7%	2026
5	Investment Capital Corporation of the Philippines	Traditional	5.2%	2026
6	Champ Cargosystem Philippines, Inc.	IT-BPM	4.9%	2022
7	Accenture	IT-BPM	3.5%	2021
8	Jiu Zhou Technologies	POGO	3.5%	2025
9	W.E.W. Resource Management	POGO	3.5%	2024
10	Caspo Interactive Services	IT-BPM	3.4%	2024

As of June 30, 2021, the 10 largest tenants in the Robinsons Summit Tower in terms of GLA accounted for approximately 48.6% of GLA and contributed 40.7% of its Rental Income for the year ended June 30, 2021. For the same period, the POGO sector representing 37.5% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, JG Summit Holdings, Inc. and Robinsons Convenience Stores, Inc. leases approximately 20.6% of the GLA of Robinsons Summit Tower. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Robinsons Summit Tower	Percentage of Expiring Rental Income to Total Rental Income of Robinsons Summit Tower
2021	2,853	9.1%	7.7%
2022	4,158	13.2%	15.3%
2023	8,478	27.0%	19.0%
2024	7,214	23.0%	26.5%
2025 and beyond........	8,370	26.7%	31.4%

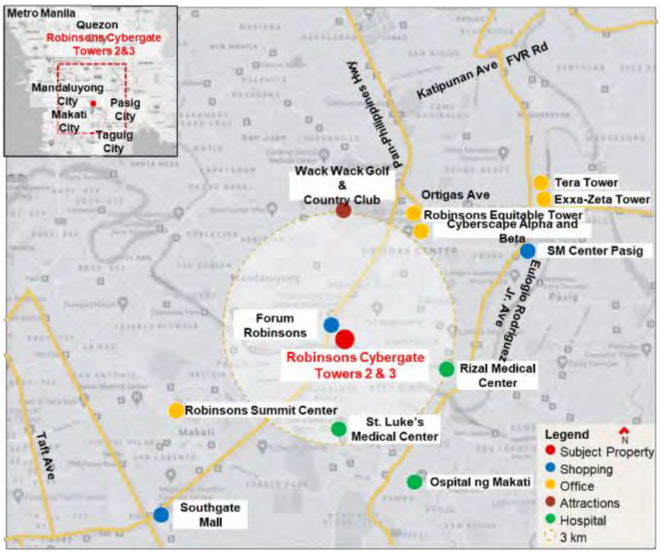
As of the date of this REIT Plan, out of the 2,853 sqm expiring GLA in 2021, 102 sqm has been renewed and 2,751 sqm is on-going discussions.

Robinsons Cybergate Center 2

Robinsons Cybergate Center 2 is a Grade A, PEZA-registered, 27-storey office building, located in Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 43,672 sqm and is owned by the Sponsor. Both the building and the land where Robinsons Cybergate Center 2 is located are owned by the Sponsor. As part of the REIT Formation Transactions, our Company entered into an agreement with the Sponsor to lease the Robinsons Cybergate Center 2 building for 98 years at a building lease rate that is 7% of Robinsons Cybergate Center 2's Rental Income per month. Subject to such lease, our Sponsor will continue to own the building and the land where the building is located.

Under applicable law, the maximum lease term is 99 years. In those cases where two Properties are in the same vicinty, such as Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, the lease terms are a combination of 99 years and 98 years such that the lease would not expire at the same time. The Cybergate Center Buildings are adjacent to a mall and fall under a single tax title. As such, we decided to carve-out and lease the Cybergate Center Buildings, which are office buildings, to avoid subjecting potential REIT investors to the uncertainty of the retail market at this time.

The Robinsons Cybergate Complex comprises three office towers, residential condominiums, a hotel and a retail mall. Robinsons Cybergate Center 2 is accessible through Pioneer Street, which is connected to nearby EDSA, providing access to various public transportation, including the MRT.



Key Asset Information

Address	Robinsons Cybergate Complex, EDSA corner Pioneer Street, Mandaluyong City, Metro Manila
Building Completion	2007
Title over Land	N/A
Title over Building	98-year lease (commencing upon approval of the Property-for-Share Swap)
No. of Floors	27 storeys (the second to fifth storeys are parking areas)
Parking Slots	245
GLA (sqm)	43,672

Gross Rental Income*	₱169.2 million (US$3.5 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	4
Valuation**	₱6,808.0 million (US$140.2 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	294.5	290.9	315.8	169.2
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	100%	100%

**Unaudited and as derived from the accounting records of the Sponsor.*

Tenant Profile

As of June 30, 2021, Robinsons Cybergate Center 2 had four tenants and 97.1% of its GLA is occupied by one tenant, Accenture, from the IT-BPM sector.

As of June 30, 2021, the largest tenant in the Robinsons Cybergate Center 2 in terms of GLA accounted for 97.1% of GLA and contributed 95.7% of its Rental Income for thesix months ended June 30, 2021. The lease of Accenture expires in 2025 and is from the IT-BPM sector, the most significant contributing sector to Rental Income.

Related Party Tenants

As of June 30, 2021, Summit Publishing Co., Inc. and Robinsons Convenience Stores, Inc. leases approximately 2.3% of the GLA of Robinsons Cybergate Center 2. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

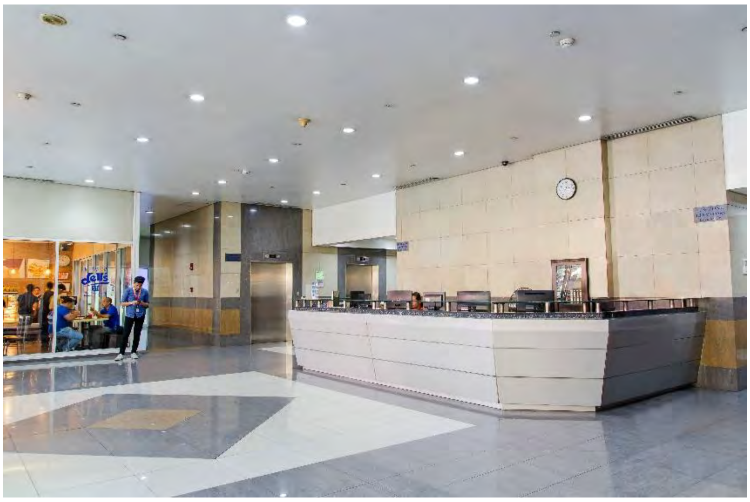
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Robinsons Cybergate Center 2	Percentage of Expiring Rental Income to Total Rental Income of Robinsons Cybergate Center 2
2021	-	-	-
2022	232	0.5%	1.7%
2023	-	-	-
2024	-	-	-
2025 and beyond..........	43,332	99.2%	98.3%

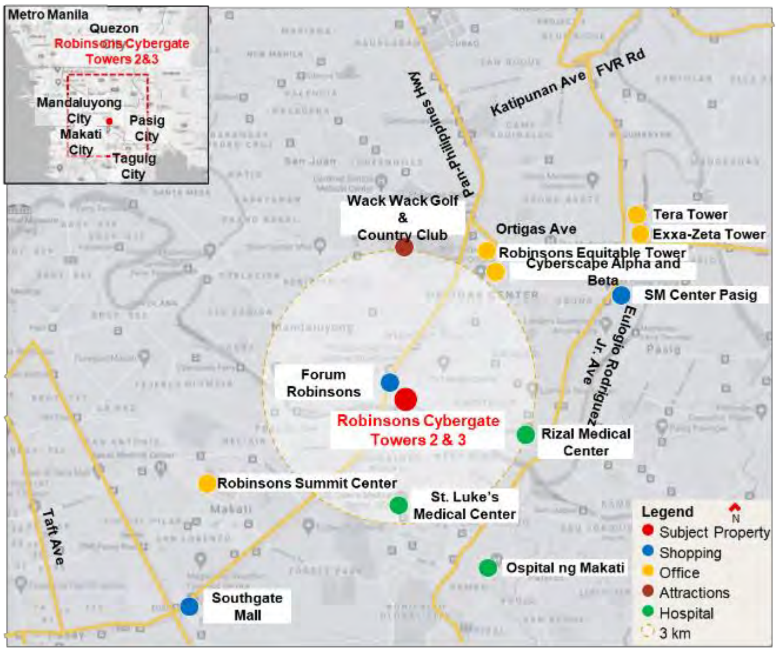
Robinsons Cybergate Center 3

Robinsons Cybergate Center 3 is a Grade A, PEZA-registered, 27-storey office building, located in Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 44,614 sqm and is owned by the Sponsor. Both the building and the land where Robinsons Cybergate Center 2 is located are owned by the Sponsor. As part of the REIT Formation Transactions, our Company entered into an agreement with the Sponsor to lease the Robinsons Cybergate Center 3 building for 99 years at a building lease rate that is 7% of Robinsons Cybergate Center 3's Rental Income per month. Subject to such lease, our Sponsor will continue to own the building and the land where the building is located.

Under applicable law, the maximum lease term is 99 years. In those cases where two Properties are in the same vicinty, such as Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, the lease terms are a combination of 99 years and 98 years such that the lease would not expire at the same time. The Cybergate Center Buildings are adjacent to a mall and fall under a single tax title. As such, we decided to carve-out and lease the Cybergate Center Buildings, which are office buildings, to avoid subjecting potential REIT investors to the uncertainty of the retail market at this time.



The Robinsons Cybergate Complex comprises three office towers, residential condominiums, a hotel and a retail mall. Robinsons Cybergate Center 3 is accessible through Pioneer Street, which is connected to nearby EDSA, providing access to various public transportation, including the MRT.



Key Asset Information

Address	Robinsons Cybergate Complex, EDSA corner Pioneer Street, Mandaluyong City, Metro Manila
Building Completion	2008
Title over Land	N/A
Title over Building	99-year lease (commencing upon approval of the Property-for-Share Swap)
No. of Floors	27 storeys
Parking Slots	178
GLA (sqm)	44,614
Gross Rental Income*	₱206.1 million (US$4.2 million)
Occupancy Rate**	99%
Committed Occupancy**	99%
No. of Tenants**	21

Valuation**	₱7,873.0 million (US$162.2 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	324.9	329.5	326.2	206.1
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	98%	100%	90%**	99%

**Unaudited and as derived from the accounting records of the Sponsor.*
***The Committed Occupancy Rate as of December 31, 2020 is 99%.*

Tenant Profile

Robinsons Cybergate Center 3 had 21 tenants as of June 30, 2021 and its major tenants include those in the IT-BPM sector and Traditional sector such as Accenture, MHI Power Technical Services Corporation, Teletech and Summit Media.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant	**Sector**	**% of total GLA of Robinsons Cybergate Center 3**	**Lease Expiry Date**
1	Accenture	IT-BPM	23.4%	2025
2	MHI Power Technical Services Corporation	Traditional	16.5%	2025
3	Teletech	IT-BPM	14.0%	2021
4	Prople BPO, Inc.	IT-BPM	4.7%	2025
5	RR Donnelley, Inc.	IT-BPM	4.7%	2023
6	ZX-PRO Technology Corporation	POGO	4.7%	2024
7	Anthem Solutions, Inc.	IT-BPM	4.4%	2021
8	Avalon Edunet Plus Inc.	IT-BPM	3.0%	2021
9	Jobstreet.com Philippines, Inc.	Traditional	2.1%	2022
10	RCC3 Tenant J	IT-BPM	0.8%	2024

As of June 30, 2021, the 10 largest tenants in the Robinsons Cybergate Center 3 in terms of GLA accounted for approximately 75.3% of GLA and contributed 75.7% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM representing 49.9% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, Summit Publishing Co., Inc., JG Summit Holdings, Inc. and Robinsons Convenience Stores, Inc. lease approximately 18.4% of the GLA of Robinsons Cybergate Center 3. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

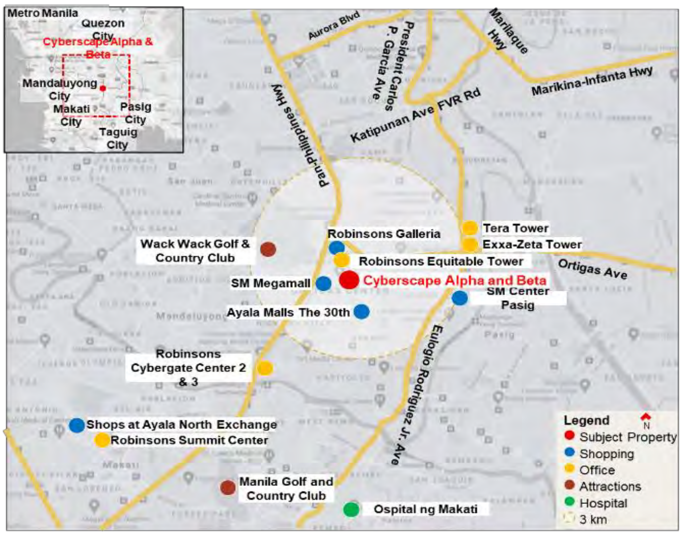
As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Robinsons Cybergate Center 3	Percentage of Expiring Rental Income to Total Rental Income of Robinsons Cybergate Center 3
2021	10,836	24.3%	23.1%
2022	2,349	5.3%	5.2%
2023	6,624	14.8%	14.8%
2024	2,629	5.9%	11.3%
2025 and beyond......	21,748	48.7%	45.6%

As of the date of this REIT Plan, 10,836 sqm of expiring GLA in 2021 is under negotiation.

Cyberscape Alpha

Cyberscape Alpha is a Grade A, PEZA-registered, 25-storey building with seven basement levels and a roof deck, located along Sapphire and Garnet Roads within the Ortigas Center CBD, Pasig City, Metro Manila with an aggregate GLA of 49,902 sqm. The building has three hotel floors with an approximate area of 6,320 sqm occupied by GO Hotels and retail spaces at the ground floor. The office floors are located from the 5th to the 26th levels. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located.

As part of the REIT Formation Transactions and following the Philippine SEC's approval of the Property-for-Share Swap, our Company owns the Cyberscape Alpha Building; in addition, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cyberscape Alpha's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.



Key Asset Information

Address	Sapphire Road and Garnet Road, Ortigas Center CBD, Pasig City, Metro Manila
Building Completion	2014
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned
No. of Floors	25 storeys and seven basement levels and a roof deck
Parking Slots	405
GLA (sqm)	49,902

Gross Rental Income*	₱244.5 million (US$5.0 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	15
Valuation**	₱8,545.0 million (US$176.0 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	311.6	325.7	373.8	244.5
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements.*

Tenant Profile

Cyberscape Alpha had 15 tenants as of June 30, 2021 and its major tenants are primarily from the IT-BPM sector such as Fisher Rosemount Systems, Inc.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant*	Sector	% of total GLA of Cyberscape Alpha	Lease Expiry Date
1	Fisher Rosemount Systems, Inc.	IT-BPM	20.4%	2024
2	Alpha Tenant B	IT-BPM	12.2%	2023/2025
3	JFE Techno Manila	IT-BPM	10.2%	2025
4	Curo Teknika, Inc.	IT-BPM	6.2%	2024
5	FIS Global	IT-BPM	5.1%	2024
6	CGI (Philippines), Inc.	IT-BPM	4.1%	2027
7	China Online Innovations, Inc.	IT-BPM	4.1%	2024
8	Inspiro Relia, Inc.	IT-BPM	3.1%	2023
9	Synergos Construction and Development Inc.	Traditional	1.0%	2024
10	Alpha Tenant J	Retail and Others	0.6%	2024

**Excluding RLC as a tenant because as of June 30, 2021 and prior to the REIT Formation Transactions, RLC owned Cyberscape Alpha.*

As of June 30, 2021, the 10 largest tenants in the Cyberscape Alpha in terms of GLA accounted for 98.3% of GLA and contributed 98.0% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 79.9% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, RLC occupied approximately 32.0% of Cyberscape Alpha and Robinsons Convenience Stores, Inc. leases approximately 0.3% of the GLA of Cyberscape Alpha. Following the completion of the REIT Formation Transactions, RLC will be a tenant of RLC REIT at Cyberscape Alpha. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

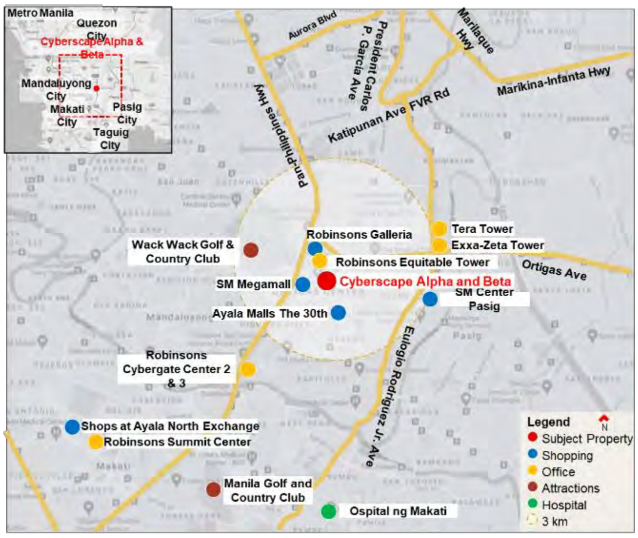
The table below sets out details of the lease expiry profile for the periods indicated (including the lease expiry of RLC, which is considered a tenant as of June 30, 2021). Following the REIT Formation Transactions, it is expected that RLC and RLC REIT entered into a lease agreement for office space at Cyberscape Alpha.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Cyberscape Alpha	Percentage of Expiring Rental Income to Total Rental Income of Cyberscape Alpha
2021	-	-	-
2022	-	-	-
2023	3,575	7.2%	9.6%
2024	18,911	37.9%	47.2%
2025 and beyond........	27,416	54.9%	43.2%

Cyberscape Beta

Cyberscape Beta is a Grade A, PEZA-registered, 36-storey building with four basement levels, a mezzanine and a roof deck, located along Topaz and Ruby Roads within the Ortigas Center CBD, Pasig City, Metro Manila. The building has an aggregate GLA of 42,245 sqm comprising retail spaces located at the ground and mezzanine floors and office spaces located from the 9th to the 37th levels. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located.

As part of the REIT Formation Transactions and following the Philippine SEC's approval of the Property-for-Share Swap, our Company owns the Cyberscape Beta building; in addition, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Cyberscape Beta's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.



Key Asset Information

Address	Topaz Road and Ruby Road, Ortigas Center CBD, Pasig City, Metro Manila
Building Completion	2014
Title over Land	98-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned
No. of Floors	36 storeys (the second to eighth floor are used primarily as parking areas with some small offices) and four basement levels, with a mezzanine and a roof deck
Parking Slots	331
GLA (sqm)	42,245
Gross Rental Income*	₱198.8 million (US$4.1 million)
Occupancy Rate**	98%
Committed Occupancy**	98%
No. of Tenants**	23
Valuation**	₱7,794.0 million (US$160.6 million)

**for the year ended December 31, 2020*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	338.5	361.4	399.8	198.8
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	91%**	98%

**As derived from the Combined Carve-out Financial Statements.*
***The Committed Occupancy Rate as of December 31, 2020 is 94%.*

Tenant Profile

Cyberscape Beta had 23 tenants as of June 30, 2021 and its major tenants are from the IT-BPM sector, such as Acquire Asia Pacific, Inc., Orchid Cybertech Services, Inc. and Grundfos IS Support & Operations Centre Philippines.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant	Sector	% of total GLA of Cyberscape Beta	Lease Expiry Date
1	Acquire Asia Pacific Phils., Inc.	IT-BPM	17.9%	2024/2025/2026
2	Orchid Cybertech Services, Inc.	IT-BPM	14.0%	2024
3	Grundfos IS Support & Operations Centre Philippines	IT-BPM	7.0%	2024
4	Microsourcing Phils., Inc.	IT-BPM	7.0%	2024
5	The Dairy Farm Company, Ltd.	IT-BPM	5.3%	2022
6	SAP Phils., Inc.	IT-BPM	4.4%	2023
7	Canon Business Processes Services Philippines, Inc.	IT-BPM	3.5%	2024
8	IQ EQ Philippines	IT-BPM	3.5%	2023
9	Shore Solutions	IT-BPM	3.5%	2025
10	Beta Tenant J	Traditional	3.5%	2024

As of June 30, 2021, the 10 largest tenants in the Cyberscape Beta in terms of GLA accounted for approximately 66.2% of GLA and contributed 66.8% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 91.9% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, Aspen Business Solutions, Inc. and Robinsons Convenience Stores, Inc. lease approximately 16.0% of the GLA of Cyberscape Beta. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

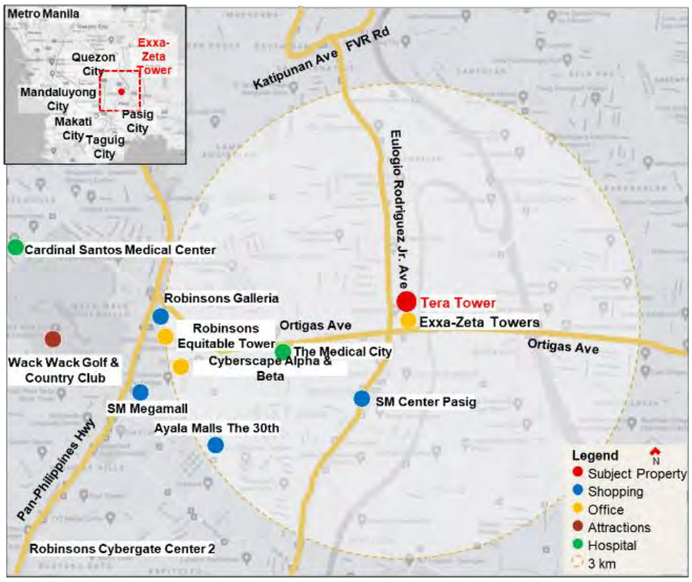
As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Cyberscape Beta	Percentage of Expiring Rental Income to Total Rental Income of Cyberscape Beta
2021	-	-	-
2022	3,382	8.0%	10.2%
2023	5,618	13.3%	14.2%
2024	22,031	52.2%	52.1%
2025 and beyond........	10,365	24.5%	23.5%

Tera Tower

Tera Tower is a PEZA-registered, LEED Gold certified, Prime Grade, 20-storey building with one basement level and a roof deck, located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila and in proximity to the Ortigas Center CBD. The building has retail support at the ground floor and office spaces located at the 6^{th} to 20^{th} floors with an aggregate GLA of 35,087 sqm. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located.

As part of the REIT Formation Transactions and following the Philippine SEC's approval of the Property-for-Share Swap, our Company owns the Tera Tower; in addition, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Tera Tower's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.

The Bridgetowne Complex is a 30.6-hectare, master-planned community and IT / business park situated in a former industrial area spanning both banks of the Marikina river near the junction of C-5 Road and Ortigas Avenue. The development is the first integrated township project of RLC. The IT park is anchored by four office towers dedicated to the IT-BPM sector. Once completed, this township will be a community consisting of seven office towers, a shopping mall, a five-star hotel and residential buildings. The areas surrounding Bridgetowne are a mix of residential, industrial and commercial developments.



Key Asset Information

Address	Bridgetowne Complex, C-5 Road, Ugong Norte, Quezon City, Metro Manila
Building Completion	2015
Title over Land	98-year lease (commencing upon approval of the Property-for-Share Swap)

Title over Building	Owned
No. of Floors	20 storeys (the second to fifth floor are used as parking areas) and one basement parking level
Parking Slots	458
GLA (sqm)	35,087
Gross Rental Income*	₱131.4 million (US$2.7 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	9
Valuation**	₱6,066.0 million (US$125.0 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	283.0	251.7	249.4	131.4
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements.*

Tenant Profile

Tera Tower had nine tenants as of June 30, 2021 and its top tenant is from the IT-BPM sector and Traditional sector.

The table below sets out selected information about the largest tenant (based on GLA) as of June 30, 2021.

	Tenant	**Sector**	**% of total GLA of Tera Tower**	**Lease Expiry Date**
1	Concentrix	IT-BPM	64.7%	2026

As of June 30, 2021, the largest tenant in the Tera Tower in terms of GLA accounted for 64.7% of GLA and contributed 62.2% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 62.7% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, Universal Robina Corporation, Robinsons Bank Corporation, and Robinsons Convenience Store, Inc. lease approximately 33.7% of the GLA of Tera Tower. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

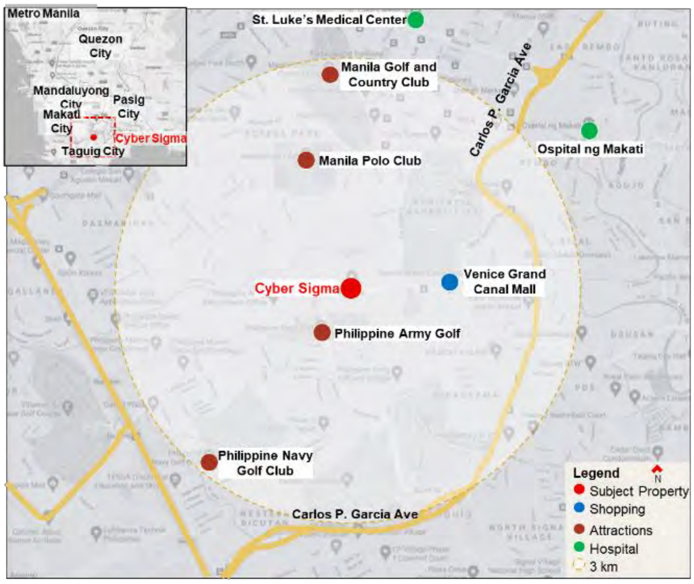
As of June 30,	**Expiring GLA (sqm)**	**Expiring GLA as a % of total GLA of Tera Tower**	**Percentage of Expiring Rental Income to Total Rental Income of Tera Tower**
2021	-	-	-
2022	-	-	-
2023	320	0.9%	0.3%

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Tera Tower	Percentage of Expiring Rental Income to Total Rental Income of Tera Tower
2024	-	-	-
2025 and beyond....	34,768	99.1%	99.7%

Cyber Sigma

Cyber Sigma is a Grade A, PEZA-registered, 20-storey office development, located in Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metro Manila and in proximity to the Bonifacio Global City and Makati City CBDs. The office project has an aggregate GLA of 49,970 sqm. Following the completion of the REIT Formation Transactions, our Company will own the Cyber Sigma building. The building is located on land leased by the Sponsor from the Bases Conversion Development Authority (BCDA) under a 25-year term lease agreement which commenced in 2014, and which the Sponsor will sublease to our Company following the completion of the REIT Formation Transactions. There are no adverse claims on the land leased from BCDA. The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.

McKinley West is a 34.5-hectare township with a business park offering office and commercial buildings and is situated in Fort Bonifacio, next to the Bonifacio Global City and connects to the South Luzon Expressway.



Key Asset Information

Address	Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metro Manila
Building Completion	2017
Title over Land	25-year lease commencing from 2014
Title over Building	Owned
No. of Floors	20 storeys (the lower ground and second to sixth floor are used as parking areas)
Parking Slots	565
GLA (sqm)	49,970
Gross Rental Income*	₱247.6 million (US$5.1 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	22
Valuation**	₱5,823.0 million (US$120.0 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	443.1	460.9	488.8	247.6
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	89%	99%	98%**	100%

**As derived from the Combined Carve-out Financial Statements*
***The Committed Occupancy Rate as of December 31, 2020 is 100%.*

Tenant Profile

Cyber Sigma had 22 tenants as of June 30, 2021 and its major tenants are primarily from the IT-BPM sector.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant	Sector	% of total GLA of Cyber Sigma	Lease Expiry Date
1	Ernst & Young / EY GDS	IT-BPM	34.1%	2029
2	APEX C Sigma, Inc.	IT-BPM	13.6%	2023
3	24/7 Customer Philippines, Inc.	IT-BPM	11.5%	2022
4	JLL Business Services	IT-BPM	7.1%	2023
5	Schenker Philippines, Inc.	IT-BPM	6.8%	2022
6	Qiagen Business Services Manila, Inc.	IT-BPM	5.4%	2023/2024
7	DKSH Philippines, Inc.	IT-BPM	3.3%	2023
8	Linde Gas Asia Pte. Ltd.	IT-BPM	3.3%	2022
9	Flash Express (PH) Co. Ltd. Inc.	Traditional	3.1%	2024
10	FDC Utilities	Traditional	2.4%	2023

As of June 30, 2021, the 10 largest tenants in Cyber Sigma in terms of GLA accounted for approximately 90.7% of GLA and contributed 91.8% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 73.7% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, Robinsons Land Corporation, Robinsons Bank Corporation and Robinsons Convenience Stores, Inc. lease approximately 3.5% of the GLA of Cyber Sigma. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

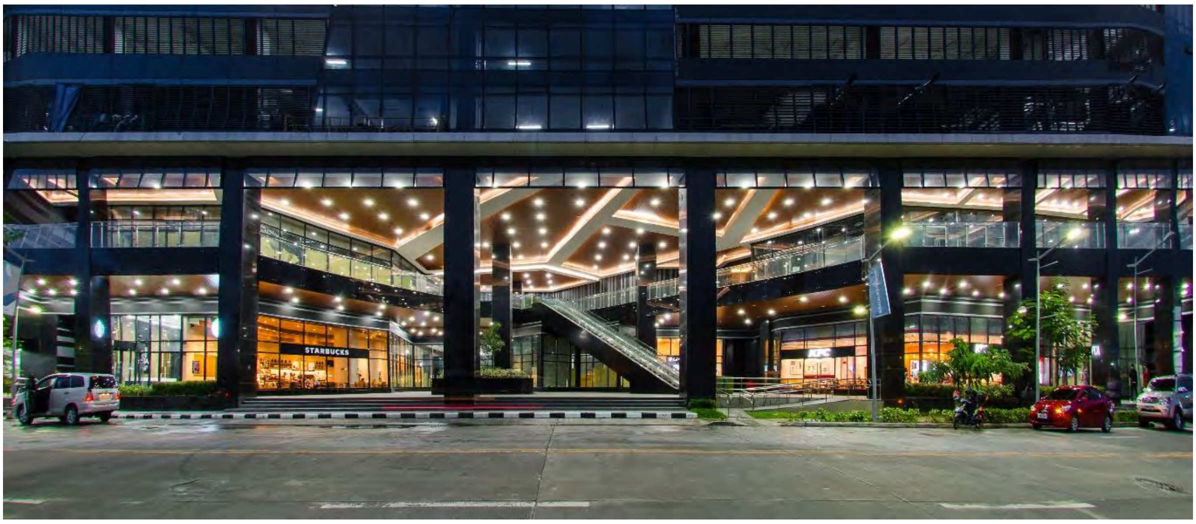
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Cyber Sigma	Percentage of Expiring Rental Income to Total Rental Income of Cyber Sigma
2021	-	-	-
2022	12,081	24.2%	23.9%
2023	17,279	34.6%	35.5%
2024	3,214	6.4%	2.2%
2025 and beyond........	17,397	34.8%	38.4%

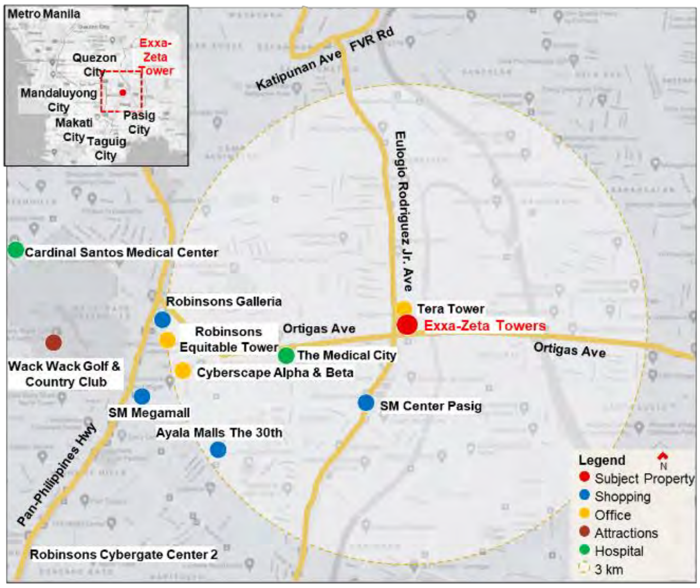
Exxa-Zeta Tower

Exxa-Zeta Tower is a PEZA-registered, LEED Silver certified, Prime Grade, twin tower office building located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila and in proximity to the Ortigas Center CBD. The Exxa Tower and the Zeta Tower each have 20 storeys and share a common retail area spanning two floors and podium parking floors from second to the fifth floors. The Exxa Tower has GLA of 39,280 sqm while Zeta Tower has GLA of 35,303 for a combined aggregate GLA of 74,584 sqm. Before the implementation of the REIT Formation Transactions, our Sponsor owned the towers and the land where the towers are located.

As part of the REIT Formation Transactions and following the Philippine SEC's approval of the Property-for-Share Swap, our Company owns the Exxa-Zeta Tower; in addition, our Company executed an agreement with the Sponsor to lease the land where the buildings stand for a 99-year term at a land lease rate that is 7% of Exxa-Zeta Tower's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the towers are located.



The Bridgetowne Complex is a 30.6-hectare, master-planned community and IT / business park situated in a former industrial area spanning both banks of the Marikina river near the junction of C-5 Road and Ortigas Avenue. The development is the first integrated township project of RLC. The IT park is anchored by four office towers dedicated to the IT-BPM sector. Once completed, this township will be a community consisting of seven office towers, a shopping mall, a five-star hotel and residential buildings. The areas surrounding Bridgetowne are a mix of residential, industrial and commercial developments.



Key Asset Information

Address	Bridgetowne Complex, C-5 Road, Ugong Norte, Quezon City, Metro Manila
Building Completion	2018
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned
No. of Floors	20 storeys per tower (the second to the fifth floor are used primarily as parking areas) and one basement parking level
Parking Slots	794
GLA (sqm)	74,584
Gross Rental Income*	₱285.2 million (US$5.9 million)
Occupancy Rate**	98%

Committed Occupancy**	98%
No. of Tenants**	23
Valuation**	₱11,867.0 million (US$244.5 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	266.9	526.5	565.4	285.2
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	58%	92%	91%**	98%

**As derived from the Combined Carve-out Financial Statements*
***The Committed Occupancy Rate as of December 31, 2020 is 98%.*

Tenant Profile

Exxa-Zeta Tower had 23 tenants as of June 30, 2021and its major tenants are from the IT-BPM sector and Traditional sector, such as Hinduja Global Solutions, Concentrix and WNS Global Services Philippines, Inc.

The table below sets out selected information about the 10 largest tenants (based on GLA) as of June 30, 2021.

	Tenant	Sector	% of total GLA of Exxa-Zeta Tower	Lease Expiry Date
1	Hinduja Global Solutions	IT-BPM	33.1%	2029
2	Concentrix	IT-BPM	23.5%	2023
3	WNS Global Services Philippines, Inc.	IT-BPM	13.3%	2023/2024
4	APEX Zeta, Inc.	Seat Leasing	8.4%	2023/2024
5	Sales Rain BPO, Inc.	Seat Leasing	5.0%	2024
6	Daikin Airconditioning Philippines Inc.	Traditional	3.5%	2023
7	Collection House International BPO, Inc.	IT-BPM	1.7%	2023
8	Exxa – Zeta Tenant H	Traditional	0.4%	2023
9	Exxa – Zeta Tenant I	Retail - Food	0.4%	2023
10	Exxa – Zetat Tenant J	Retail - Food	0.2%	2023

As of June 30, 2021, the 10 largest tenants in the Exxa-Zeta Tower in terms of GLA accounted for approximately 89.4% of GLA and contributed 91.0% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 72.4% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

As of June 30, 2021, Robinsons Land Corporation, Universal Robina Corporation, Paloo Financing, Inc. and Robinsons Convenience Stores, Inc. lease approximately 7.5% of the GLA of Exxa-Zeta Tower. The lease agreements with related parties are entered into on arm's length terms.

Lease Expiries and Renewals

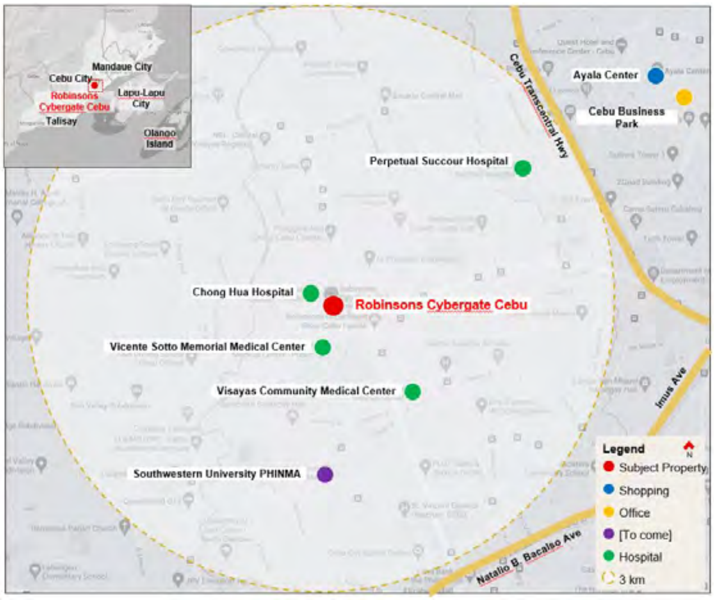
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Exxa-Zeta Tower	Percentage of Expiring Rental Income to Total Rental Income of Exxa-Zeta Tower
2021	59	0.1%	0.0%
2022	486	0.7%	0.2%
2023	38,377	51.5%	58.1%
2024	9,355	12.5%	12.8%
2025 and beyond......	24,711	33.1%	28.8%

Robinsons Cybergate Cebu

Robinsons Cybergate Cebu is a PEZA-registered, seven-storey building with three basement levels and roof deck, mixed-used building located in Fuente Osmena Circle, Cebu City in the province of Cebu. The Fuente Osmena Circle is a famous landmark in Cebu City and is surrounded by commercial establishments such as hotels, restaurants, banks, convenience stores, offices and shopping centers. The building has a retail mall at the ground floor and three floors of office space.

Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located. Following completion of the Property-for-Share Swap, the three floors of office space (i.e., the fifth to seventh floors) with an aggregate GLA of 6,866 sqm and related machinery and improvements to the building are owned by our Company. The rest of the building will continue to be owned by our Sponsor. In addition, as part of the REIT Formation Transactions, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Robinsons Cybergate Cebu's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.



Key Asset Information

Address	Fuente Osmena Circle, Cebu City, Cebu
Building Completion	2011
Title over Land	98-year lease (commencing upon approval of the Property-for-Share Swap)

Title over Building	Owned (5/F to 7/F)
No. of Floors	7 storeys and 3 basement levels
Parking Slots	None
GLA (sqm)	6,866
Gross Rental Income*	₱13.6 million (US$0.3 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	2
Valuation**	₱672.0 million (US$13.8 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	24.4	26.8	27.1	13.6
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Robinsons Cybergate Cebu had two tenants as of June 30, 2021, which are both in the IT-BPM sector, representing the only sector contributing to Rental Income.

The table below sets out selected information about the two tenants as of June 30, 2021.

	Tenant	**Sector**	**% of total GLA of Robinsons Cybergate Cebu**	**Lease Expiry Date**
1	Accenture	IT-BPM	66.7%	2025
2	Fusion BPO	IT-BPM	33.3%	2023

As of June 30, 2021, the two IT-BPM tenants in Robinsons Cybergate Cebu accounted for 100% of GLA and contributed 100% of its Rental Income for the year ended December 31, 2020.

Related Party Tenants

We do not have any related party tenants in the Robinsons Cybergate Cebu.

Lease Expiries and Renewals

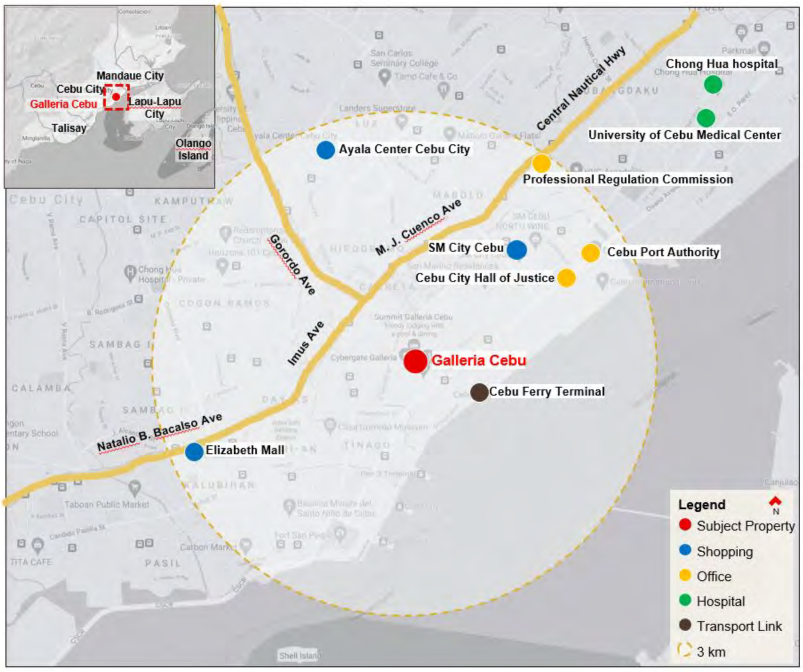
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	**Expiring GLA (sqm)**	**Expiring GLA as a % of total GLA of Robinsons Cybergate Cebu**	**Percentage of Expiring Rental Income to Total Rental Income of Robinsons Cybergate Cebu**
2021	-	-	-
2022	-	-	-
2023	2,289	33.3%	33.3%
2024	-	-	-
2025 and beyond..........	4,578	66.7%	66.7%

Galleria Cebu

Galleria Cebu is a Grade A, PEZA-registered, office development integrated with the Robinsons Galleria Cebu mall located in General Maxilom Avenue, corner Sergio Osmena Boulevard, Cebu City in the province of Cebu. The four-storey building has a retail mall and office space with two basement levels and a roof deck.

Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located. Following completion of the Property-for-Share Swap, two floors of office space (i.e., the third and fourth floor) with an aggregate GLA of 8,851 sqm and related machinery and improvements to the Robinsons Galleria Cebu building are owned by our Company. The rest of the building will continue to be owned by our Sponsor. In addition, as part of the REIT Formation Transactions, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Galleria Cebu's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.



Key Asset Information

Address	General Maxilom Avenue, corner Sergio Osmena Boulevard, Cebu City, Cebu
Building Completion	2017
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned (3/F and 4/F)
No. of Floors	4 storeys and 2 basement levels
Parking Slots	None
GLA (sqm)	8,851
Gross Rental Income*	₱21.8 million (US$0.4 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	2
Valuation**	₱943.0 million (US$19.4 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			**For the six months ended June 30,**
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	30.7	41.3	42.9	21.8
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	71%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Galleria Cebu had two tenants as of June 30, 2021, which are both in the IT-BPM sector, representing the only sector contributing to Rental Income.

The table below sets out selected information about the two tenants as of June 30, 2021.

	Tenant	**Sector**	**% of total GLA of Galleria Cebu**	**Lease Expiry Date**
1	Sykes Asia, Inc.	IT-BPM	83.1%	2027
2	Pmax Global Philippine Branch	IT-BPM	16.9%	2026

As of December 31, 2020, the two IT-BPM tenants in the Galleria Cebu in terms of GLA accounted for 100% of GLA and contributed 100% of its Rental Income for the year ended June 30, 2021.

Related Party Tenants

We do not have any related party tenants in Galleria Cebu.

Lease Expiries and Renewals

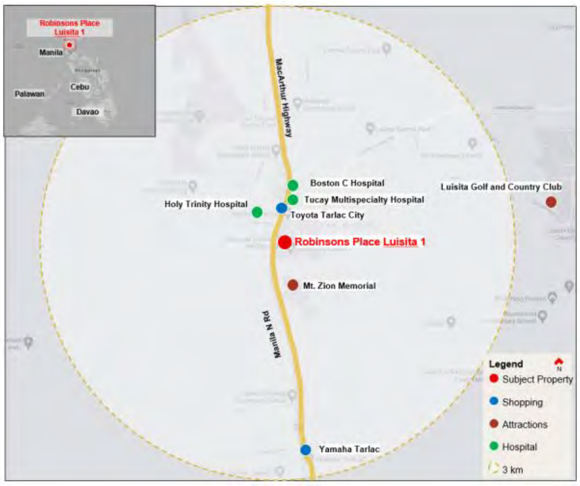
The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Galleria Cebu	Percentage of Expiring Rental Income to Total Rental Income of Galleria Cebu
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 and beyond.............	8,851	100%	100%

Luisita BTS 1

Luisita BTS 1 is a PEZA-registered, three-storey build to suit office development dedicated to one IT-BPM tenant located in the Robinsons Luisita Complex, McArthur Highway, Barangay San Miguel, Tarlac City in the province of Tarlac. The Luisita Complex is a mix of commercial, industrial and residential developments and accessible from other areas of Tarlac province and Central Luzon. The building was custom built to suit the requirements of the tenant and has a GLA of 5,786 sqm. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located.

Following the completion of the Property-for-Share Swap, our Company owns the Luisita BTS 1 building. In addition, as part of the REIT Formation Transactions, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Luisita BTS 1's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.



Key Asset Information

Address	Robinsons Luisita Complex, McArthur Highway, Barangay San Miguel, Tarlac City, Tarlac
Building Completion	2018
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned
No. of Floors	3 storeys
Parking Slots	None
GLA (sqm)	5,786
Gross Rental Income*	₱17.6 million (US$0.4 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	1
Valuation**	₱620.0 million (US$12.8 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	2019	2020	2021
Gross Rental Income* (₱ million)	35.1	35.7	35.1	17.6
	As of December 31,			As of June 30,
	2018	2019	2020	2021
Occupancy Rate (%)	100%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Robinsons Place Luisita 1 had one tenant as of June 30, 2021, Sitel Philippines Corporation, which is an IT-BPM company. The lease agreement expires on 2027.

Related Party Tenants

We do not have any related party tenants in Luisita BTS 1.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Luisita BTS 1	Percentage of Expiring Rental Income to Total Rental Income of Luisita BTS 1
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 and beyond........	5,786	100%	100%

Cybergate Naga

Cybergate Naga is a PEZA-registered, five-storey office development located in the Robinsons Place Naga complex in Roxas Avenue, Naga City in the province of Camarines Sur. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located. Following completion of the Property-for-Share Swap, three floors of office space (i.e., the third to fifth floors) with an aggregate GLA of 6,070 sqm and related machinery and improvements to the Cybergate Naga building are owned by our Company. The rest of the building will continue to be owned by our Sponsor. In addition, as part of the REIT Formation Transactions, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cybergate Naga's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Company will continue to own the land where the building is located.

Key Asset Information

Address	Robinsons Place Naga complex in Roxas Avenue, Naga City, Camarines Sur
Building Completion	2018
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned (3/F to 5/F)
No. of Floors	5 storeys
Parking Slots	None
GLA (sqm)	6,070

Gross Rental Income*	₱16.4 million (US$0.3 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	1
Valuation**	₱687 million (US$14.2 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			**For the six months ended June 30,**
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	31.5	32.2	29.2	16.4
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	100%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Cybergate Naga had one tenant as of June 30, 2021, Quantrics Enterprise. Inc., which is an IT-BPM company. The lease agreement expires in 2023.

Related Party Tenants

We do not have any related party tenants in Cybergate Naga.

Lease Expiries and Renewals

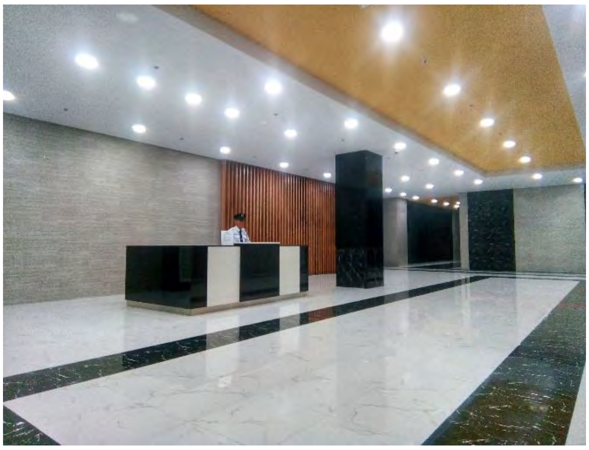
The table below sets out details of the lease expiry profile for the periods indicated.

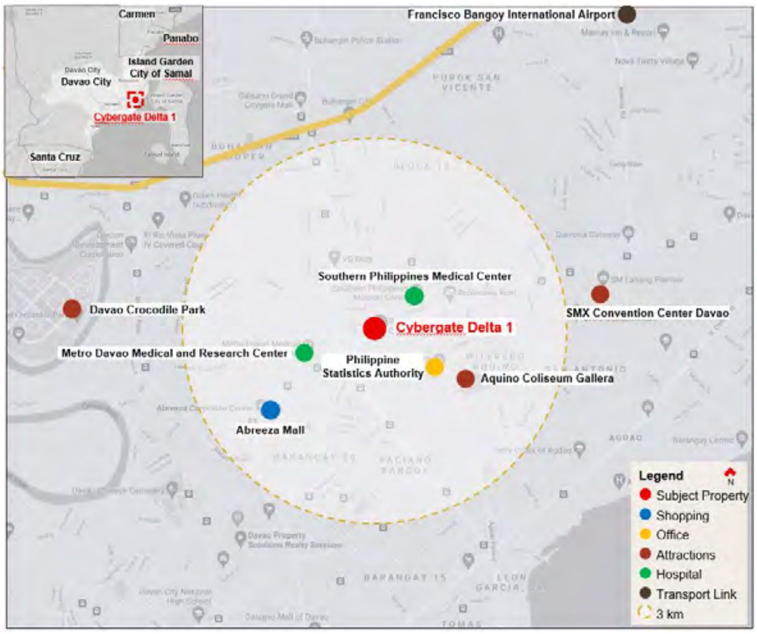
As of June 30,	**Expiring GLA (sqm)**	**Expiring GLA as a % of total GLA of Cybergate Naga**	**Percentage of Expiring Rental Income to Total Rental Income of Cybergate Naga**
2021	-	-	-
2022	-	-	-
2023	6,070	100%	100%
2024	-	-	-
2025 and beyond........	-	-	-

Cybergate Delta 1

Cybergate Delta 1 is a Grade A, PEZA-registered, five-storey office development located in Robinsons Cyberpark Davao along J.P. Laurel Avenue, Davao City in the province of Davao. The building has an aggregate GLA of 11,910 sqm. Before the implementation of the REIT Formation Transactions, our Sponsor owned the building and the land where the building is located.

Following the completion of the Property-for-Share Swap, our Company owns the Cybergate Delta 1 building. In addition, as part of the REIT Formation Transactions, our Company executed an agreement with the Sponsor to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cybergate Delta 1's Rental Income per month. There are no adverse claims on the land leased from the Sponsor. Subject to such land lease, our Sponsor will continue to own the land where the building is located.





Key Asset Information

Address	Robinsons Cyberpark Davao, J.P. Laurel Avenue, Davao City, Davao
Building Completion	2018
Title over Land	99-year lease (commencing upon approval of the Property-for-Share Swap)
Title over Building	Owned
No. of Floors	5 storeys and 1 basement parking level
Parking Slots	77

GLA (sqm)	11,910
Gross Rental Income*	₱33.6 million (US$0.7 million)
Occupancy Rate**	100%
Committed Occupancy**	100%
No. of Tenants**	8
Valuation***	₱1,284.0 million (US$26.5 million)

**for the six months ended June 30, 2021*
***as of June 30, 2021*

Historical Asset Information

	For the year ended December 31,			For the six months ended June 30,
	2018	**2019**	**2020**	**2021**
Gross Rental Income* (₱ million)	31.4	52.4	66.3	33.6
	As of December 31,			**As of June 30,**
	2018	**2019**	**2020**	**2021**
Occupancy Rate (%)	47%	100%	100%	100%

**As derived from the Combined Carve-out Financial Statements*

Tenant Profile

Cybergate Delta 1 had eight tenants as of June 30, 2021, which is a mix of the IT-BPM, Seat Leasing, Traditional and Retail sectors.

The table below sets out selected information about the five largest tenants (based on GLA) as of June 30, 2021.

	Tenant	**Sector**	**% of total GLA of Cybergate Delta 1**	**Lease Expiry Date**
1	VXI Global Holdings B.V.	IT-BPM	53.7%	2024
2	Cavista Technology, Inc.	Seat Leasing	21.0%	2023
3	Sumifru Phils. Corporation	Traditional	7.9%	2024
4	Demand Science Team Philippines, Inc.	IT-BPM	5.2%	2022
5	Pioneer Insurance and Surety Corporation	Traditional	5.1%	2023

As of June 30, 2021, VXI Global Holdings, B,V. the largest tenant in the Cybergate Delta 1 in terms of GLA accounted for approximately 53.7% of GLA and contributed 50.6% of its Rental Income for the year ended June 30, 2021. For the same period, the IT-BPM sector representing 56.6% of Rental Income was the most significant contributor to Rental Income.

Related Party Tenants

We do not have any related party tenants in Cybergate Delta 1.

Lease Expiries and Renewals

The table below sets out details of the lease expiry profile for the periods indicated.

As of June 30,	**Expiring GLA (sqm)**	**Expiring GLA as a % of total GLA of Cybergate Delta 1**	**Percentage of Expiring Rental Income to Total Rental Income of Cybergate Delta 1**
2021	220	1.8%	0.7%
2022	846	7.1%	8.9%

As of June 30,	Expiring GLA (sqm)	Expiring GLA as a % of total GLA of Cybergate Delta 1	Percentage of Expiring Rental Income to Total Rental Income of Cybergate Delta 1
2023	3,110	26.1%	25.7%
2024	7,734	64.9%	64.7%
2025 and beyond........	-	-	-

As of the date of this REIT Plan, there are on-going discussions for the renewal of the 220 sqm of expiring GLA in 2021.

INDUSTRY

Certain information in this REIT Plan has been extracted and directly quoted from the commissioned industry report prepared by JLL for inclusion in this REIT Plan (which is attached as Annex B (*JLL Report: Office Market Study in the Philippines*)), and such information reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a material research tool. References to JLL in this REIT Plan should not be considered as the opinion of JLL as to the value of any security or the advisability of investing in the Company.

The information prepared by JLL and set out in Annex B (*JLL Report: Office Market Study in the Philippines*) and elsewhere in this REIT Plan has not been independently verified by the Company, the Sponsor, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter and the Local Underwriters, and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

The JLL Report contains forward-looking statements that are provided as JLL's beliefs, expectations, forecasts or predictions for the future. All such statements relating to future matters are based on the information known to JLL at the date of preparing the JLL Report. JLL stresses that such statements should be treated as an indicative estimation of possibilities rather than absolute certainties. The forecast process involves assumptions about a substantial number of variables, which are highly responsive to changing conditions. Variations of any one of the variables may significantly affect outcomes and JLL draws the attention of the reader to this. Therefore, JLL cannot assure that the forecasts outlined in the JLL Report will be achieved or that such forward-looking statements will prove to be correct. Interested parties must be cautioned not to place undue reliance on such statements.

Where as a result of new available information, future events or otherwise, JLL undertakes no obligation to publicly update or revise any forward-looking statements contained in the JLL Report, except as required by law. JLL has relied upon external third-party information in producing the JLL Report, including the forward-looking statements. JLL draws to the reader's attention that there is no independent verification of any of the external party documents or information referred to in the JLL Report. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance. The JLL Report is limited to the matters stated in it and no opinion is implied or may be inferred beyond the matters expressly stated therein. The information in the JLL Report should be regarded solely as a general guide. While care has been taken in its preparation, no representation is made or responsibility is accepted for the accuracy of the whole or any part.

The opinions expressed in the JLL Report are subject to changes and therefore does not constitute, nor constitute part of, an advice, offer or a contract.

THE SPONSOR

OVERVIEW OF OUR SPONSOR

Our Sponsor, Robinsons Land Corporation, is a corporation organized under the laws of the Philippines.

RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size, and is one of the top 5 developers of existing and upcoming office developments in Metro Manila as of the fourth quarter of 2020 according to JLL. It is engaged in the construction and operation of lifestyle commercial centers, offices, hotels and industrial facilities; the development of mixed-use properties, residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which it develops, owns and operates commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels and industrial facilities); and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages and commercial lots).

RLC's operations are divided into its five business divisions:

- The **Commercial Centers Division** develops, leases and manages lifestyle commercial centers or shopping malls throughout the Philippines. As of June 30, 2021, RLC operates 52 shopping malls, comprising nine malls in Metro Manila and 43 malls in other urban areas throughout the Philippines, with four additional new malls and two expansion projects in the planning and development stage for completion in the next two years.

- The **Residential Division** develops and sells residential developments for sale/pre-sale. For its domestic operations, RLC's Residential Division has 80 residential condominium buildings/towers/housing projects and 39 housing subdivisions, of which 91 have been completed and 28 are still ongoing with two projects that are awaiting the receipt of license, as of June 30, 2021. It currently has several projects in various stages for future development that are scheduled for completion in the five years. Outside of the Philippines, RLC has one residential project located in Chengdu, China called "Chengdu Ban Bian Jie". Chengdu Ban Bien Jie is RLC's first international foray spanning across 8.5 hectares and acquired in 2016 through a public auction.

- The **Office Buildings Division** develops office buildings for lease. As of June 30, 2021, this division had completed 25 office developments, located in Quezon City, CBDs in Pasig City, Makati City and Taguig City, Mandaluyong City, Cebu City, Ilocos Norte, Tarlac City, Naga City and Davao City. It has a robust pipeline consisting of new offices for completion in the next two years. RLC is transferring 12 office developments and leasing two buildings to RLC REIT as part of the REIT Formation Transactions.

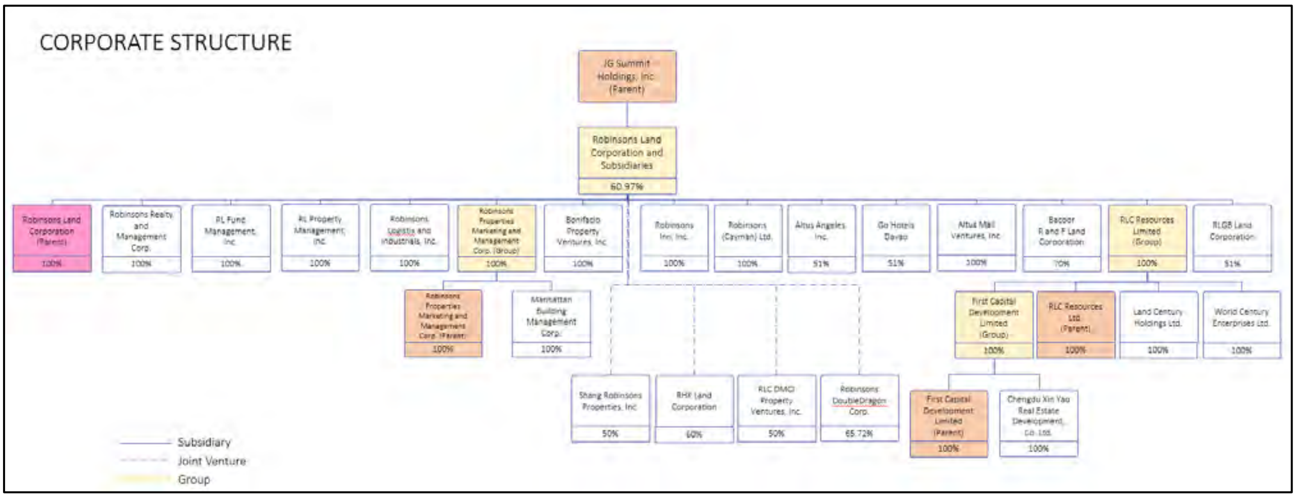
- The **Hotels and Resorts Division** has a diverse portfolio covering the following brand segments: upscale international deluxe hotels, mid-market boutique city hotels, essential service value hotels, and most recently, the luxury resort category. As of June 30, 2021, RLC has 20 hotels and resorts for a total of 3,188 rooms in strategic metropolitan and urbanized locations consisting of 11 Go Hotels, six Summit Hotels and three international deluxe brands. In 2019, RLC opened two new hotels, namely, Summit Greenhills and Dusit Thani Mactan Cebu Resort, the latter managed by Dusit Thani Company Limited. There were no new openings in 2020. RLC currently has a lineup of developments for the expansion of its portfolio of hotels and resorts.

- The **Industrial and Integrated Developments Division** focuses on mixed-use developments and master planned communities. These developments incorporate different property formats such as residences, work places, commercial centers, logistics facilities and other institutional developments into a single setting. In 2019, this division launched its first 30-hectare estate named "Bridgetowne" which connects the cities of Pasig and Quezon. It is also completing the development of its 18-hectare "Sierra Valley" estate in Rizal and "Montclair", a 204-hectare development in Porac, Pampanga. The division shall continue to embark on strategic land bank acquisitions to add to its growing number of township developments. Another key role of this division is the development of industrial facilities. As of June 30, 2021, RLC had two operational industrial facilities with plans to expand in terms of net leasable area and geographic location in the next two years.

HISTORY OF OUR SPONSOR

RLC was incorporated on June 4, 1980 as the real estate investment arm of JG Summit Holdings Inc. ("**JG Summit**"), and its shares were offered to the public in an initial public offering and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the PSE) on October 16, 1989. As of June 30, 2021, 60.97% of Robinsons Land Corporation's common shares are held by JG Summit Holdings, Inc. and 39.03% are held publicly, of which 20.06% are held by foreign owners.

As at the date of this REIT Plan, the Sponsor's group structure is as follows:



Track Record of the Sponsor

Since its incorporation in 1980, the Sponsor together with its 11 Subsidiaries have established a strong presence and track record in its core business market of the Philippines. Some of the notable projects and milestones of the Sponsor and its Subsidiaries include:

1980	Incorporation of the Sponsor
1989 - 1992	Initial public offering in the PSE Opened RLC's first mall, Robinsons Galleria in Pasig City Completed Galleria Corporate Center, the first office building of RLC
2003	Entered into an agreement with Intercontinental Hotels Brand to manage and operate its international branded hotels, Holiday Inn and Crowne Plaza Hotel in Pasig City
2005 - 2006	Opened Robinsons Cybercenter 1, the first office building of RLC in Mandaluyong City
2008	RLC launched its own hotel brand, Go Hotels
2010 - 2014	Completed office buildings Cyberscape Alpha and Beta Towers in Pasig City
2015	Completed Tera Tower, the first office building in Bridgetowne West
2016	Formed Infrastructure and Integrated Development Division for mixed-use developments and real estate related infrastructure projects

	Opened 43rd mall, Robinsons Galleria Cebu
2018	Completed four new malls, three office buildings, two hotels, one industrial facility and five new residential projects were launched
2020	Accelerated flexible space business with three more sites opened
	RLC launched digital initiative for stakeholders

Through the years, RLC has received the following awards:

Award Giving Body	Awards
Bloomberg Gender-Equity Index 2020	Bloomberg recognised RLC one of the only two Philippine companies included in the GE index, a gold seal for companies around the world
Global Banking & Finance Review	Real Estate CEO of the Year Southeast Asia 2020
Asia Pacific Property Awards Development 2020-2021	Award Winner High Rise Residential Development - Cirrus
Asia Pacific Property Awards Development 2020-2021	5-Star Award Best Mixed-Use Development Philippines - Sierra Valley Gardens
Alpha Southeast Asia Institutional Investor Awards 2019	Best Senior Management IR Support
Alpha Southeast Asia Institutional Investor Awards 2019	Best Strategic CSR (Philippines)
Dot Property Awards	Best Developer 2017
PropertyGuru Philippine Property Awards 2017	Real Estate Personality of the Year: Mr. Frederick Go
PropertyGuru Philippine Property Awards 2017	Best Retail Development: Robinsons Galleria Cebu
PropertyGuru Philippine Property Awards 2017	Best Residential Interior Design: The Sapphire Bloc
PropertyGuru Philippine Property Awards 2017	Highly Commended: The Radiance Manila Bay
PropertyGuru Philippine Property Awards 2017	Special Recognition in Sustainable Developmnet
EuroMoney 2014	Overall Best Managed Company in the Philippines
EuroMoney 2013	Overall Best Managed Company in the Philippines

THE FUND MANAGER AND THE PROPERTY MANAGER

OUR FUND MANAGER

Our Fund Manager, RL Fund Management, Inc., is a corporation organized under the laws of the Philippines. The Fund Manager was incorporated on May 28, 2021, and has its registered office at 14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Fund Manager is a wholly owned Subsidiary of the Sponsor. The Fund Manager applied for a license to act as a REIT Fund Manager on June 22, 2021 with the Philippine SEC, and the approval of its license was obtained on July 29, 2021.

Save as is disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Fund Manager. Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage our Company's assets and liabilities for the benefit of our Shareholders. The Fund Manager will manage the assets of our Company with a focus on generating Rental Income and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of our Company and, ultimately, the distributions to our Shareholders. For a more detailed discussion on the Company's strategy, see the section entitled "*Business and Properties – Business Strategies*" in this REIT Plan.

As of the date of this REIT Plan, RL Fund Management has 12 assets under management, which includes the Exxa-Zeta twin towers. In addition to the Fund Manager's board of directors and senior management as set out below, the Fund Manager is supported by two full-time employees. As part of the Fund Manager's internal controls and risk management system, the Fund Manager has instituted written policies and procedures regarding related party transactions, conflicts of interest and confidentiality of information, each as discussed below.

THE FUND MANAGEMENT AGREEMENT

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, perform the following general functions:

- implement the investment strategies of our Company by:
    - determining the allocation of our Company's assets to the allowable investment outlets in accordance with this REIT Plan and our investment strategies; and
    - selecting income-generating real estate in accordance with the investment strategies of our Company;

      For this purpose, however, notwithstanding the written instructions of our Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;
- oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;
- cause a valuation of any of the real estate and other properties of our Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;
- take all necessary measures to ensure:
    - that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;

- that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the REIT was authorized are complied with;

- that all transactions carried out by or on behalf of the Company are conducted at arm's length;

- that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;

- that the Property Manager obtains adequate property insurance for the real properties of our Company from insurance companies approved by the Fund Manager;

- take custody of all relevant documents supporting the insurance taken on real properties of the Company;

- provide research and analysis on valuation and market movements of our Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;

- recommend the appropriate capital structure for our Company;

- manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for our Company;

- negotiate and finalize loan documents on behalf of our Company and determine debt drawdowns;

- recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;

- open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;

- submit periodic reports ensuring that: (i) the three-year investment strategy prepared by the Company is submitted to the Philippine SEC and the PSE; and (ii) quarterly written reports on the performance of the Company's fund and properties and of the appropriate benchmarks are submitted to the Company, the Philippine SEC and the PSE within 45 days after the end of each quarter;

- negotiate for and implementing the purchase of assets to be held by our Company for investment;

- where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;

- accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of our Company;

- establish and understand the investment objectives, instructions, risk profile, and investment restrictions of our Company prior to making any investment recommendations or carrying out any transactions for or on behalf of our Company;

- do any and all acts on behalf of our Company as it may deem necessary of advisable in connection with the management and administration of our Company's assets, including without limitation, the voting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and

- perform all such functions necessary and incidental to asset management.

In summary, the Fund Manager will set the strategic direction of our Company and make recommendations to the Board on the acquisition, divestment, or enhancement of assets of our Company in accordance with its investment strategy as stated in this REIT Plan. The research required for these purposes will be coordinated and carried out by the Fund Manager.

The Fund Manager will ensure that the Property Manager obtains adequate property insurance for the real property of our Company from insurance companies approved by the Fund Manager, and take custody of all relevant documents supporting the insurance taken on real properties of our Company.

Further, the Fund Manager will prepare property plans on a regular basis which may contain proposals and forecasts on net income before tax, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs, and any other relevant assumptions. The purpose of these plans is to explain the performance of our Company's assets.

In the absence of fraud or negligence by the Fund Manager, it shall not incur liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Fund Management Agreement.

Fund Management Fee

Under the Fund Management Agreement, the Fund Management Fee is comprised of three components: (i) Management Fee; (ii) Acquisition Fee; and (iii) Divestment Fee. The total amount of the Fund Management Fee (i.e., the combined Management Fee, Acquisition Fee, and Divestment Fee) paid to the Fund Manager in any given year shall not exceed 1% of the Net Asset Value of the properties under management.

The Fund Management Fee is structured to align the interests of the Fund Manager and the Shareholders. As such, the Fund Management Fee is calculated based on the Deposited Property Value and Fair Value of leasehold assets plus a percentage of the Company's EBITDA prior to deduction of the fees payable to our Fund Manager and our Property Manager. Fund Manager shall likewise be entitled to an acquisition fee equivalent to 1% of the acquisition price, for every acquisition made by it on behalf of our Company, exclusive of value-added taxes, as well as a Divestment Fee of 0.5% of the sales price for every property divested by it on behalf of our Company, exclusive of value-added taxes, as applicable.

The Fund Management Fee is calculated as follows:

<table>
<tr><td rowspan="5">Fund Management Fee</td><td rowspan="5">=</td><td>Management Fee
= 0.10% of Deposited Property Value and Fair Value of leasehold assets[1] for the relevant period + 3.5% of EBITDA[2] before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period</td></tr>
<tr><td>plus</td></tr>
<tr><td>Acquisition Fee (if applicable)
= 1% of acquisition price for every acquisition made</td></tr>
<tr><td>plus</td></tr>
<tr><td>Divestment Fee (if applicable)
= 0.50% of the selling price for every property divested</td></tr>
</table>

Notes:

(1) For purposes of determining Deposited Property Value and Fair Value of leasehold assets on a quarterly basis, the Deposited Property Value of the Company's assets and the Fair Value of the assets leased by the Company as of the last day of the immediately preceding calendar quarter divided by four shall be used as the basis. The Deposited Property Value is determined with reference to latest appraisal of the Portfolio, including the appraised valuation of the leasehold assets, which will be conducted at least once a year by an accredited external property valuer.

(2) The Fund Manager shall be paid the Management Fee based on an unaudited computation of the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the relevant quarter, without taking into consideration accounting adjustments.

In the event that there is a discrepancy in the unaudited and audited figures of EBITDA and in the valuation of the Company's assets, the Management Fee paid to the Fund Manager for the relevant calendar year shall be correspondingly adjusted. The *adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Fund Management Fee is exclusive of all applicable taxes.*

The Fund Management Fee shall be due and payable to the Fund Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Fund Management Fee is to be applied. The computation for the Fund Management Fee shall be reviewed every five years.

Termination of the Fund Management Agreement

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on the following grounds:

- a material breach, default, or failure of either party to comply with its obligations and undertakings under the Fund Management Agreement;

- the cessation of the corporate existence of the Fund Manager or the Company;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of such license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Our Company shall have a period of not more than 60 days from the termination of this Agreement for any of the above grounds to appoint a Successor Fund Manager. In the interim period between the pre-termination of this Agreement and the appointment of the Successor Fund Manager, the Board of Directors of our Company shall act as the fund manager.

Conflict of Interest

If the Fund Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company.

The Fund Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Fund Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to our Company.

The Fund Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of the Company. It has also adopted its "Related Party Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the Philippine SEC on material related party transactions.

Directors and Executive Officers of the Fund Manager

The Fund Manager's board of directors is entrusted with the responsibility for the overall management of the Fund Manager, while the Fund Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Fund Manager is set out below:

Name	Age	Nationality	Position
Faraday D. Go	45	Filipino	Director and Chairman
Anna Katrina C. De Leon	35	Filipino	Director, President and CEO
Ezperanza S. Osmena	71	Filipino	Independent Director
Dennis A. Villanueava	58	Filipino	Independent Director
Paul Joseph M. Garcia	52	Filipino	Independent Director
Eileen B. Fernandez	53	Filipino	Treasurer and Compliance Officer
Jan Catherine I. Alegre	29	Filipino	Corporate Secretary

There are no positions held by the Fund Manager's directors and executive officers in RLC REIT and none of the directors and officers of the Fund Manager has any shareholdings in RLC REIT or interest in the Properties.

Information on the business and work experience of the Property Manager's directors and executive officers is set out below:

Faraday D. Go. *Director and Chairman*

Mr. Faraday D. Go is a director as well as the Chairman of our Fund Manager. Mr. Go is currently the Executive Vice President of Robinsons Land Corporation. He also holds posts in a number of other companies, including Altus Angeles, Inc. (Director), Altus Mall Ventures, Inc. (Director), Altus Property Ventures, Inc. (Director), Bacoor R and F Land Corporation (Director), Bonifacio Property Ventures, Inc. (Director), GoHotels, Davao, Inc. (Director), Manchego Corporation (Director), Manhattan Building Management Corporation (Director), Merbau Corporation (Director), Radius Telecom, Director, RLC DMCI Property Ventures, Inc. (Director), RLGB Land Corporation (Director), Robinson's Inn Incorporated (President), Robinsons Equitable Tower Condominium Corporation (President), Robinsons Summit Center Condominium Corporation (President), and Galleria Corporate Center Condominium Corporation (President).

Prior to joining Robinsons Land Corporation and the Company, he was Vice President of the Retail Management and Corporate Sales Division of Digitel Mobile Philippines, Inc. Mr. Go has over fifteen years' experience in the following businesses: Apo Cement, JG Summit Petrochemical Corporation and Digitel Mobile Philippines, Inc. He received a Bachelor of Science degree in Management (Minor in Finance) from the Ateneo de Manula University in 1998.

Anna Katrina C. De Leon, *Director, President and Chief Executive Officer*

Ms. Anna Katrina C. De Leon is a director as well as the President and Chief Executive Officer of our Fund Manager. She is also the Vice President – Group Controller of Robinsons Land Corporation where she handles its subsidiaries and is an active member of the Investor Relations Team since 2013. She is also the Vice President – Group Controller of Altus Property Ventures, Inc. A Certified Public Accountant, she had a three-year stint in SGV & Co. (a member firm of Ersnt & Young) as an external aouditor prior joining RLC in 2011, adding up to around thirteen years of experience in Finance and Fund Management. Ms De Leon acquired her Bachelor's Degree in Accountancy from the University of the East in 2008.

Esperanza S. Osmena, *Independent Director*

Ms. Esperanza S. Osmena acts as an independent director of our Fund Manager. She is also an independent director of Robinsons Bank Corporation since 2005 and currently holds posts in Esperanza L. Osmena, Inc. (Vice-President and Treasurer), Marlington Trading, Inc. (Vice-President and Treasurer), and Farveaux Marketing, Inc. (Vice-President and Treasurer). Her banking career spans over three decades and includes posts at other financial institutions, among them are Asian Savings Bank, PCI Bank and its subsidiaries and Equitable PCI Bank and its subsidiaries. Ms. Osmena attended Colegio de Sta Ana Zaragoza Spain for two years with a Bachelor's Degree in Commerce.

Dennis A. Villanueva, *Independent Director*

Mr. Dennis A. Villanueva acts as an independent director of our Fund Manager. He is currently the President and a Partner in ARC Builders. He obtained his Bachelor's Degree in Architecture from Adamson University in 1983.

Paul Joseph M. Garcia, *Independent Director*

Mr. Paul Joseph M. Garcia acts as an independent director of our Fund Manager. Mr. Garcia is also the Managing Partner and co-founder of Grow Capital Partners as well as the Senior Adviser of the Fund Management Association of the Philippines. He is also a member of the Board of Trustees in the University of Asia and the Pacific. Prior to these institutions, he served as the CEO and CIO of ING Investment Management from March 2010 to 2011, the Head of Odyssey Funds from April 2011 to May 2013 in the Bank of the Philippine Islands and later on as the Head of Institutional Business in the same institution from May 2013 to December 2016. He was also the Chief Executive Officer of Leechiu Management, Inc. from January 2017 to August 2020. He obtained his Bachelor of Arts degree, majoring in Economics from San Beda College in 1990 and later on his Master of Science in Industrial Economics degree from the University of Asia and the Pacific in 1992.

Eileen B. Fernandez, *Treasurer and Compliance Officer*

Ms. Eileen B. Fernandez is the Treasurer and Compliance Officer of our Fund Manager. She currently works as the Associate Vice President – Treasury, Fund Management and Bank Control for Robinsons Land Corporation since 2014 and has been with Robinsons Land Corporation since 1992. Ms. Fernandez obtained her Bachelor's Degree in Accountancy from the Polytechinic University of the Philippines in 1989.

Jan Catherine I. Alegre, *Corporate Secretary*

Ms. Jan Catherine I. Alegre is our Fund Manager's Corporate Secretary. Ms. Alegre is a member of the Integrated Bar of the Philippines and has previously worked for three years as an associate attorney at the Puyat, Jacinto and Santos law offices. She is currently a legal counsel at Robinsons Land Corporation. Ms. Alegre attended Ateneo de Manila University, obtaining her Bachelor of Science in Environmental Science degree in 2011. She subsequently obtained her Juris Doctor degree from the University of the Philippines College of Law in 2016.

Corporate Governance

The Fund Manager is currently subject to the principles of corporate governance required by the Philippine SEC. In addition, the Fund Manager has filed the necessary application for licensing as a fund manager of a REIT as required by the Philippine SEC. The Fund Manager will strive to meet all requirements for corporate governance as set forth in the rules for secondary license.

The board of directors of the Fund Manager (the "Fund Manager's Board") is responsible for the overall corporate governance of the Fund Manager including establishing goals for management and monitoring the achievement of these goals. The Fund Manager is also responsible for the strategic business direction and risk management of the Company. All Fund Manager's Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of directors. Following Memorandum Circular No. 1, Series of 2020 issued by the Philippine SEC, the Fund Manager's Board comprises five members, three of whom are independent directors, with at least one of them have a working knowledge of the real estate industry, fund management, corporate finance, or other relevant finance-related functions. The directors of the REIT and the Sponsor, jointly or separately, do not occupy more than 49% of the board of directors of the Fund Manager.

As of the date of this REIT Plan, the directors and executive officers of the Fund Manager have an average of 20 of experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry. Its President and Chief Executive Officer and a majority, but not less than two of its full-time professionals, have track records and experience in financial management and real estate industry for almost seven years prior to joining the Fund Manager.

As of the date of this REIT Plan, the Fund Manager has engaged two full-time professionals with track records and experience in financial management and real estate industry for at least eight years prior to joining the Fund Manager. The Fund Manager's President and Chief Executive Officer has a track record of 13 years of experience in financial management and 10 years of experience in the real estate industry. The Fund Manager has also employed Mr. Carl Jeffrey Gopez, a certified public accountant, and Ms. Donna Mae Daquioag who have met the three-year track record requirement in financial management and real estate industry. Information on their relevant experience is set out below.

Carl Jeffrey Gopez is an Accounting Manager of the Fund Manager. He is a certified public accountant. He previously held the position of Accounting Manager while employed by the Sponsor from 2016 to 2021. His scope of work in his previous employment includes, among others the management and monitoring of the Sponsor's accounting system to ensure that the financial data and transactions are maintained in compliance with accounting principles and mandatory requirements as well as preparation of monthly performance reports, financial reports and reports for submission to regulatory agencies. He obtained his degree of Bachelor of Science in Accountancy from the University of Assumption in 2011.

Donna Mae Daquioag is a Senior Accounting Clerk of the Fund Manager. Prior to this she was employed as a Junior Accounting Clerk by the Sponsor from 2006 to 2015 and later on as a Senior Accounting Clerk from 2015 to 2021. Her scope of work with the Sponsor includes, among others, ensuring complete and systematic accounting records, accurate and timely recording of transactions the books of the Sponsor, and preparation of financial statements and other external audit requirements. She obtained her degree of Bachelor of Science in Accountancy from the Philippine School of Business Administration in 2004.

Related Party Transactions

Review Procedures for Related Party Transactions

In general, the Fund Manager has established internal control procedures to ensure that all future transactions involving the Company and a related party of the Fund Manager or the Sponsor are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Fund Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Fund Manager or Sponsor, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law).

Existing Related Party Transactions

Our Company has entered into a number of transactions with the Sponsor and certain Affiliates of the Sponsor. See "*Related Party Transactions*." Save as disclosed in this REIT Plan, the Company has not entered into any other transactions with any Subsidiaries or Affiliates of the Fund Manager or the Sponsor.

OUR PROPERTY MANAGER

Our Property Manager, RL Property Management, Inc., is a corporation organized under the laws of the Philippines. The Property Manager was incorporated on April 12, 2021, and has its registered office at 11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Philippines. The Property Manager is a wholly owned Subsidiary of the Sponsor.

As of the date of this REIT Plan, the directors and executive officers of the Property Manager have an average of 20 years of accumulated experience in commercial real estate operations, leasing, and property management. In particular, our officers have at least three years' experience in property management and both of them will be available at all times to supervise the business of the Property Manager.

The Property Manager's executive officers will be primarily responsible for the day-to-day management of the Company's Properties, pursuant to the Property Management Agreement. For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party companies. The Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

Mr. Ferdinand Adriano is our Property Manager's Real Estate Consultant. Mr. Ronnie Rez and Ms. Jessa Villanueva, who are the designated full-time employees, are available at all times to supervise the business of the Property Manager. Both employees have met the required three-year track record in property portfolio management.

THE PROPERTY MANAGEMENT AGREEMENT

The Property Manager performs day-to-day property management functions at the Properties pursuant to the Property Management Agreement, a five-year, renewable agreement defining the relationship between the

Company and the Property Manager. These functions include managing the execution of new leases and renewing or replacing expiring leases as well as the marketing and promotion of the Properties.

The services provided by the Property Manager for each Property under its management include the following:

- marketing of vacant office units, retail units, and other spaces in the Properties (including preparation and submission of proposals and offers to prospective lessees in the name of the Company) and identification of potential tenants;
- formulation and implementation of leasing and marketing strategies, and packaging of leasing and marketing materials to be provided to prospective lessees;
- appointment of, and liaison with, external licensed real estate brokers;
- supervision and coordination of all activities and services to be performed towards ensuring the lease of vacant office units, retail units, and other spaces in the properties;
- negotiation, review, and execution of lease contracts on behalf of the Company, enforcement of lease terms and conditions, and awarding, extension, and termination of leases;
- planning, analysis, and review of tenant mix, rental rates, and policies in relation to industry or market standards and requirements;
- supervision of periodic audit of leases and tenant service requirements, including evaluation of customer satisfaction as properties' tenants;
- preparation of monthly status reports on the leasing performance of the properties and review of financial reports for submission to the Company, and preparation and submission of status reports on the proposals and offers to prospective lessees of the building as and when such information are available;
- supervision of billing and collection of rentals and other payments from tenants;
- monitoring of past due accounts and receivables;
- enforcement of tenancy conditions;
- conducting or causing to be conduct, legal review of lease provisions, preparation of lease contracts and related documentation;
- supervision, monitoring, and fulfillment, including signing of tenants' permit applications as a representative of the Company, for physical tenant requirements including those relating to renovation, construction, and fitting-out of leased premises, or any alteration, additions, or improvements thereon, re-measurement of leased premises, review of tenants' fit-out plans, and monitoring of tenants' fit-out works;
- representation of the Company in compliance with the various government agencies, relating to any concerns regarding management of the Properties;
- review of rules and regulations covering the use of tenant units and common areas;
- ensuring compliance with government regulations in respect of the Properties;
- performing tenancy administration work, such as managing tenant occupancy and ancillary amenities, and negotiating with tenants on grant, surrender, and renewal of lease, rent review, termination, and re-letting of premises;
- conducting rental assessment, formulating tenancy terms, preparing tenancy agreements, rent collection and accounting, recovery of arrears and possession;

- securing and administering routine management services, including security control, fire precautions, communication systems, and emergency management;
- maintenance and management of the physical structures of the Properties;
- formulate and implement policies and programs in respect of building management, maintenance and improvement;
- initiating refurbishment and monitoring such activity;
- overseeing building management operations relating to security, utilities, repairs, and maintenance, emergency management, and other items constituting direct operating expenses, including engagement of contractors for such purposes, on behalf of the Company;
- performance of any and all acts and functions on behalf of the Company as it may deem necessary, incidental, or advisable in connection with the management and administration of leases, and property management; and
- full, proper, and clear documentation of all procedures and processes followed, and decisions made in relation to whether or not to invest in particular properties in accordance with the REIT Law.

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive a fee which shall not exceed 1% of Net Asset Value of the Properties under management (the "**Property Management Fee**"). The Property Management Fee is structured to ensure that the Property Manager provides superior service to the Company and the Properties that the Property Manager oversees.

The Property Management Fee is calculated as follows:

Property Management Fee	=	3% of Gross Rental Income(1) for the relevant period
		plus
		2% of EBITDA(2) before deduction of fees payable to the Fund Manager and Property Manager for the relevant period

Notes:

(1) For purposes of determining the Property Management Fee, Gross Rental Income and EBITDA will be based on an unaudited computation of the Company's Gross Rental Income and EBITDA for the relevant quarter without taking into consideration accounting adjustments.

(2) EBITDA is calculated as the earnings before interest, taxes, depreciation and amortization before deduction of fees payable to the Fund Manager and Property Manager for the relevant period.

In the event that there is a discrepancy in the unaudited and audited figutes of the Gross Rental Income and EBITDA, the Property Management Fee paid to the Property Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Property Management Fee is exclusive of all applicable taxes.

The Property Management Fee shall be due and payable to the Property Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Property Management Fee is to be applied. The computation for the Property Management Fee shall be reviewed every five years.

Termination of the Property Management Agreement

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on the following grounds:

- a material breach, default, or failure of either party to comply with its obligations and undertakings under the Property Management Agreement;

- the cessation of the corporate existence of either party, or the change of the principal stockholder(s) of either party;

- the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

- the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

If the Property Manager has a material interest in a transaction with or for our Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to our Company and has taken all reasonable steps to ensure fair treatment of our Company.

The Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including our Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Property Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of our Company. It shall fully disclose such policies to our Company.

The Property Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of our Company. It has also adopted its "Related Party Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the Philippine SEC on material related party transactions.

Directors and Executive Officers of the Property Manager

The Property Manager's board of directors is entrusted with the responsibility for the overall management of the Property Manager, while the Property Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Property Manager is set out below:

Name	Age	Nationality	Position
Corazon L. Ang Ley	53	Filipino	Director, Chairman
Oliva A. Agustin	54	Filipino	Director, President and Chief Executive Officer
Angeles Z. Lorayes	71	Filipino	Independent Director
Jose Nery D. Ong	50	Filipino	Independent Director
Luzviminda V. Carpio	69	Filipino	Independent Director
Liza R. Gerella	54	Filipino	Treasurer and Compliance Officer
Jan Catherine I. Alegre	29	Filipino	Corporate Secretary

There are no positions held by the Property Manager's directors and executive officers in RLC REIT and in the Fund Manager and none of the directors and executive officers of the Property Manager has any shareholdings in RLC REIT or interest in the Properties.

Information on the business and work experience of the Property Manager's directors and executive officers is set out below:

Corazon L. Ang Ley. *Director and Chairman*

Ms. Corazon Ang Ley is a director as well as the Chairman of our Property Manager. Ms. Ang Ley is also the head of the Corporate land Acquisition of Robinsons Land Corporation. She is also a director of Altus Property Ventures, Inc. Prior to her roles, she served in the Robinsons Land Corporation as the Robinsons Homes Business Unit General Manager from January 2014 to July 2020, Head of the Property Acquisition Department for the Commercial Centers Division from 2012 to 2020 and General Manager of Summit Ridge Hotel from 2009 to 2013. She also served as the Deputy General Manager for Shanghai and Corporate Lease Manager from 2005 to 2009 for Robinsons Land (China). Ms. Ang Ley studied at the University of the Philippines Diliman and graduated in 1987 with a degree in B.S. Tourism.

Oliva A. Agustin, *Director, President and Chief Executive Officer*

Ms. Oliva A. Agustin is a director as well as the President and Chief Executive Officer of our Property Manager. She is also currently the Senior Director for Property Management and Allied Services of Robinsons Land Corporation. Concurrently, Ms. Agustin is also a director and President of various condominium corporations which are developments of Robinsons Land Corporation such as Adriatico Place Residences, Robinsons Place Residences, The Radiance Bay Manila, and Escalades South Metro, to name a few. Ms. Agustin acquired her B.S in Commerce with a major in accounting in 1988 from the Technological Institute of the Philippines.

Angeles Z. Lorayes, *Independent Director*

Ms. Angeles Z. Lorayes acts as an independent director of our Property Manager. She is also an independent director and the Chairperson of Corporate Governance Committee and Vice-Chairperson of the Audit Committee for Robinsons Bank. She previously held the position of First Vice President – Credit Policy Supervision in Philippine National Bank from 2005 to 2010. Ms. Lorayes earned her Bachelor of Science in Business Administration degree in 1971 from the University of the Philippines and earned MBA units at the Ateneo Graduate School of Business.

Jose Nery D. Ong, *Independent Director*

Mr. Jose Nery D. Ong acts as an independent director of our Property Manager. He presently is also the President and Chief Executive Officer of the Sacred Heart of Jesus Prime Holdings, Inc. He also holds the positions of President and Chief Executive Officer in Pueblo Prime Holdings and Sacred Heart of Jesus Development Corp. He is also the Chairman of the Board in 808 Prime Holdings. Concurrently, he is also a director of Blue Chirp Builders, Inc. and Capiz Development Foundation. Mr. Ong obtained his Bachelor of Science in Mathematics in 1992 from the University of the Philippines in 1992 and his Masters in Management from the Asian Institute of Management in 2000.

Luzviminda V. Carpio, *Independent Director*

Ms. Luzviminda V. Carpio acts as an independent director of our Property Manager. Ms. Carpio is currently the President of LVC-Asia, Inc. She is also the Secretary of the Board and a shareholder in 4233 Food Ventures Corp Jollibee Malvar Batangas. Ms. Carpio earned her Bachelor of Science in Business Administration in 1972 from the University of the East.

Liza R. Gerella, *Treasurer and Compliance Officer*

Ms. Liza R. Gerella is the Treasurer and Compliance Officer of our Property Manager. She currently works as the Associate Vice President – Controls and Compliance for Robinsons Land Corporation and has been part of the Sponsor since 1997. She previously worked as the Associate Vice President – Controllers for Robinsons Land Corporation. Ms. Gerella obtained her BSBA degree in Accounting at the University of the East in March 1989.

Jan Catherine I. Alegre, *Corporate Secretary*

Ms. Jan Catherine I. Alegre is our Property Manager's Corporate Secretary. Ms. Alegre is a member of the Integrated Bar of the Philippines and she has previously worked for three years as an associate attorney at the Puyat, Jacinto and Santos law offices. She is currently a legal counsel at Robinsons Land Corporation. She attended Ateneo de Manila University, obtaining her Bachelor of Science in Environmental Science degree in

2011. She subsequently obtained her Juris Doctor degree from the University of the Philippines College of Law in 2016.

Related Party Transactions

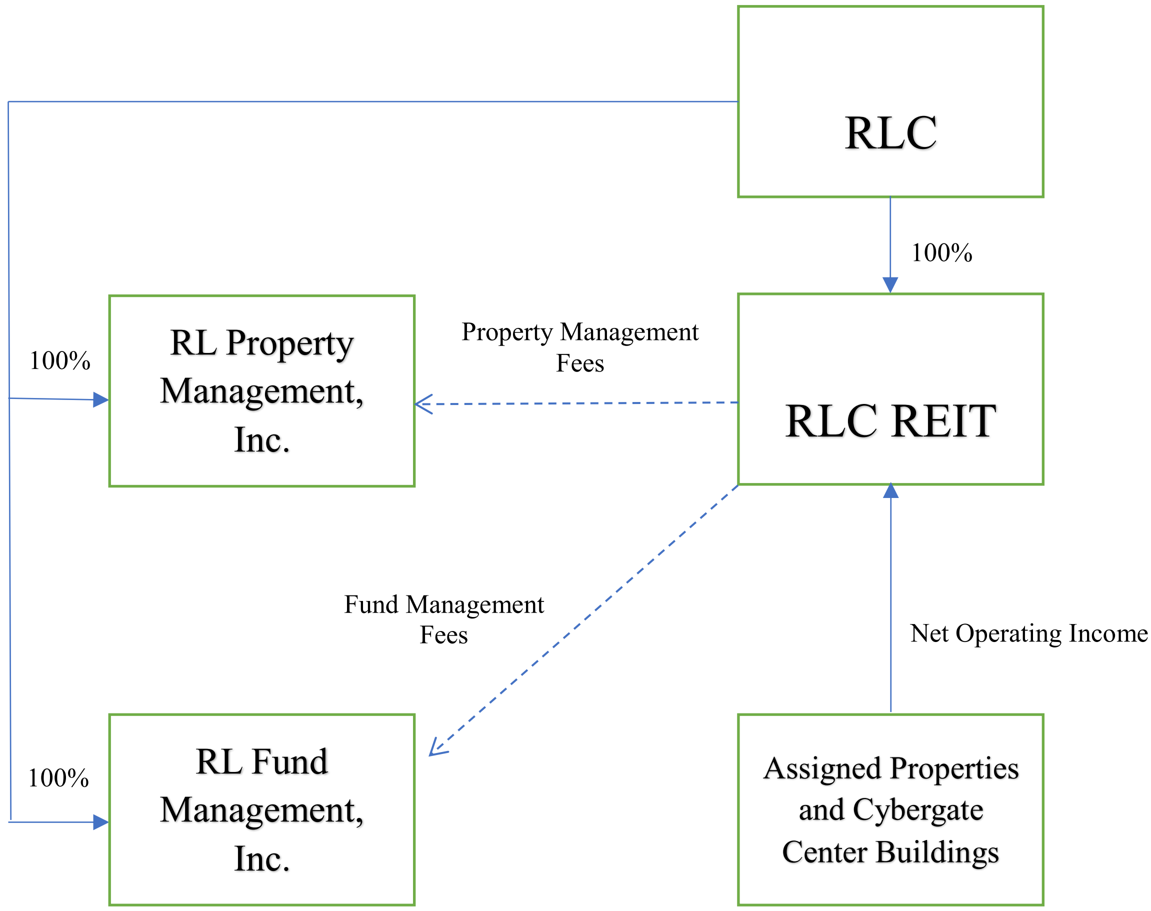
Review Procedures for Related Party Transactions

In general, the Property Manager has established internal control procedures to ensure that all future transactions involving the Company and a related party of the Property Manager or the Sponsor are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Property Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Property Manager or Sponsor, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law).

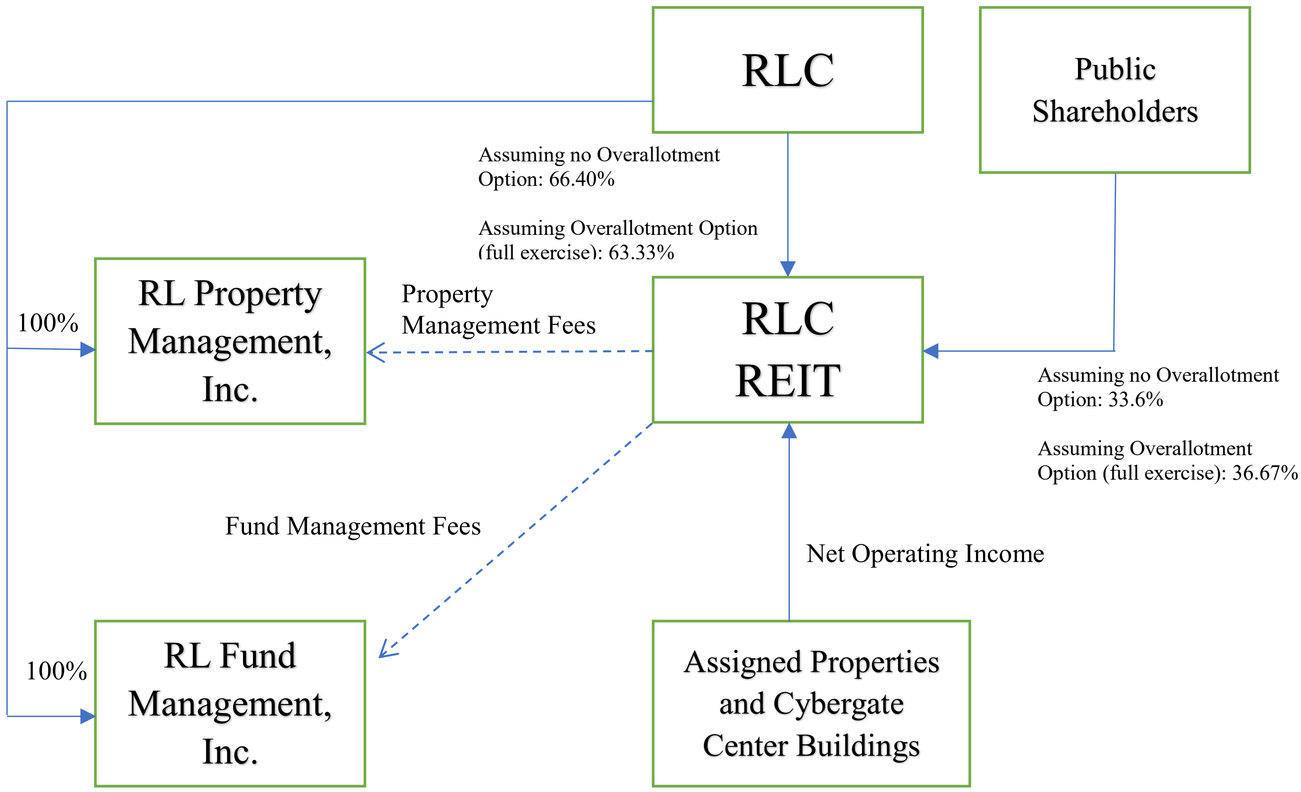
THE FORMATION AND STRUCTURE OF RLC REIT

OPERATIONAL STRUCTURE

Our Company is a domestic corporation, established to invest in real estate. The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the following diagram:



The operational and ownership structure of our Company, following the Listing Date is illustrated in the following diagram:



While the Fund Manager and the Property Manager are Subsidiaries of the Sponsor, in enacting their roles as Fund Manager and Property Manager, respectively, they are functionally independent from the Sponsor.

Pursuant to the provisions of the REIT Law and the Fund Management Agreement, the Fund Manager must implement the investment strategies of the REIT by: (i) determining the allocation of the Company's property to the allowable investment outlets in accordance with this REIT Plan and the investment strategies of the Company; and (ii) selecting income-generating real estate in accordance with the investment strategies of the Company; notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendations, even if contrary to the Company's instructions; oversee and coordinate property acquisition, leasing, operational and financial reporting, including operating budgets, appraisals, audits, market review, accounting and reporting procedures, as well as refinancing and asset disposition plans; cause a valuation of any of the real estate and other properties of the Company to be carried out by the an independent property valuer once a year or whenever the Fund Manager believes that such valuation is appropriate; take all necessary measures to ensure: (i) that the Net Asset Value per unit of the Company is calculated as and when an annual valuation report is issued by the property valuer for the relevant period, and that such Net Asset Value per unit shall be disclosed in periodic reports; (ii) that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the Company was authorized are complied with; (iii) that all transactions carried out by or on behalf of the Company are conducted at arm's length; (iv) that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid and binding and enforceable by or on behalf of the Company; and (v) that the Property Manager obtains adequate property insurance for the real properties of the Company, including the Properties; and perform all such functions necessary and incidental to asset management. See "*The Fund Manager and the Property Manager – The Fund Manager*" and "*Certain Agreements Relating to The Company and the Properties – the Fund Management Agreement*" for additional details.

Our Company's principal investment strategy is to invest on a long-term basis in a diversified portfolio of income-producing commercial real estate assets, leased primarily for office purposes, and strategically located in major CBDs and key cities and urban areas across the Philippines. We intend to maintain a high occupancy rate by targeting a diversified tenant base, with an emphasis on tenants primarily engaged in providing essential services, such as IT-BPM and BPO services generally, to secure stable occupancy and income from operations. Our Company generates returns for its Shareholders by owning, and managing, real estate properties in line with its investment strategy. See "*Business and Properties—Investment Policy*" in this REIT Plan.

By operating pursuant to our investment strategy and under the provisions of the REIT Law, our Company benefits from preferential tax treatment. Instead of being subject to income tax on our Company's taxable net income as defined in Chapter IV, Title II of the Tax Code, our Company's income tax liability is instead based on its taxable net income as defined in the REIT Law, which allows for the dividends distributed by the Company to the Company's Shareholders to be deducted for the purposes of determining the Company's taxable net income. See "*Regulatory and Environmental Matters—Real Estate Laws—Taxation of REITs*".

DESCRIPTION OF SHARES

The following is general information relating to our capital stock but 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 our Articles of Incorporation and By-Laws.

The Offer Shares shall be offered at a price of ₱6.45 per Offer Share (the "**Offer Price**"). The determination of the Offer Price is further discussed on page 61 of this REIT Plan. A total of 9,948,997,197 Shares will be outstanding after the Offer and the Offer Shares will comprise 36.67% of the outstanding Shares after the Offer, assuming the full exercise of the Overallotment Option.

Share Capital Information

As of June 30, 2021, the authorized capital stock was ₱100,000,000, divided into 100,000,000 common shares with par value of ₱1.00 per share. As part of the REIT Formation Transactions, we filed an application with the Philippine SEC on April 27, 2021 for certain amendments to our Articles of Incorporation, including the increase of our authorized capital stock and the change of our corporate name from Robinsons Realty and Management Corporation to RL Commercial REIT, Inc. The approval of the increase of authorized capital stock was issued by the Philippine SEC on August 2, 2021.

Following the approval of the increase of authorized capital stock, we have an authorized capital stock of ₱39,795,988,732.00 divided into 39,795,988,732 common shares with a par value of ₱1.00 per share (each, a "**Share**"), of which 9,948,997,197 Shares issued and outstanding. We have no preferred shares and no Shares held in treasury.

The Offer Shares consists of 3,342,864,000 Firm Shares and up to 305,103,000 Option Shares.

- The Firm Shares comprise 3,342,864,000 issued Shares owned by the Selling Shareholder, to be offered by way of a secondary offer.

- The Option Shares comprise up to 305,103,000 issued Shares owned by the Selling Shareholder to be offered by way of a secondary offer.

The Shares and Shareholders

The rights and interests of Shareholders are contained in our Organizational Documents. In addition, pursuant to the REIT Law, our Shareholders are entitled to annual dividends, amounting to a total of at least 90% of our Company's Distributable Income.

Each Share represents an undivided interest in our Company. From the time Shares are issued, pursuant to the Offer, such Shares will carry the same rights as all Shares in issue as at the date of this REIT Plan.

Subject to applicable foreign ownership restrictions under applicable laws, there are no restrictions under the Organizational Documents or the REIT Law on a person's right to subscribe for (or purchase) Shares and to own Shares.

Issue of Shares

The Shares, when listed on the PSE, may be traded on the PSE. For so long as our Company is listed on the PSE, the Company may, subject to provisions of our Company's Organizational Documents and the REIT Law, issue further Shares, at an issue price determined in accordance with the applicable provisions of our Organizational Documents and the REIT Law.

Any suspension of the issue of Shares will be announced to the PSE.

Investors should note that the Fund Manager will not be required to redeem or repurchase any Shares so long as our Company is listed on the PSE. It is intended that Shareholders deal in their Shares through trading on the PSE.

Subject to otherwise applicable limitations, we may issue additional shares to any individual for consideration deemed fair by our Board, provided said consideration shall not be less than the par value of the issued 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 Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to our Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Transfer of Common Shares

All transfer of shares on the PSE shall be done by means of a book-entry system. Pursuant to this system of trading and settlement, a registered shareholder transfers legal title over the shares to such nominee, but retains beneficial ownership over the shares. A shareholder transfers legal title by surrendering the stock certificate representing his shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee. A shareholder may request his shares to be uplifted from the PDTC, in which case a certificate of stock is issued to the shareholder and the shares are registered in the name of the shareholder. See "*The Philippine Stock Market*" on page 249 of this REIT Plan.

Under Philippine law, transfer of the Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "*Philippine Taxation*" on page 256 of this REIT Plan. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

RIGHTS RELATING TO SHARES

Rights and Liabilities of Shareholders

The key rights of Shareholders include rights to:

- receive income and other distributions attributable to the Shares held;
- receive audited accounts and the annual reports of our Company; and
- participate in the termination of our Company by receiving a share of all net cash proceeds derived from the realization of the assets of our Company less any liabilities, in accordance with their proportionate interests in our Company. However, no Shareholder has a right to require that any asset of our Company be transferred to him, her or it.

Further, Shareholders cannot give any directions to the Fund Manager or our Company (whether at a meeting of Shareholders or otherwise) if it would require the Fund Manager or our Company to do or omit doing anything which may result in:

- our Company ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Fund Manager by the relevant agreements.

Voting Rights of Shares

Each Share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in their name in our books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Revised Corporation Code of the Philippines, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

The shares have full voting rights. However, the Revised Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights of Common Shares

We are allowed to declare dividends out of our unrestricted retained earnings at such times and in such percentages as may be determined by our Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90% of this Company's annual Distributable Income no later than the last day of the fifth month following the close of the fiscal year of the Company. A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of our outstanding capital stock. The Revised Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "*Dividends and Dividend Policy*."

Rights of Shareholders to Assets of the Company

Each holder of a Share is entitled to a pro rata share in our assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

Pre-emptive Rights

Pursuant to our Organizational Documents, our stockholders have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

MEETINGS OF SHAREHOLDERS

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes including the election of directors. The by-laws of the Company provide for annual meetings on the first Wednesday of May of each year, or if that day is a legal holiday, then on the following business day, to be held at the office of the Company or at any place in Metro Manila designated by the Board of Directors and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following: (a) by the Board of Directors, at its own instance, or at the written request of shareholders representing at least majority of the outstanding capital stock, or (b) by order of the President. Such call shall state the purpose or purposes of the proposed meeting.

Notice of Shareholders' Meeting

Notice for annual meetings of stockholders may be sent by the secretary or assistant secretary by personal delivery, or by mail, telegraph, cable, facsimile, electronic mail, or other electronic means to each stockholder of record entitled to vote thereat at the address and/or facsimile, telegraph number or electronic mail address last known to the secretary or assistant secretary of the Company, at least 28 days before the date of the meeting.

The secretary shall maintain a record of the current residential or office address, and the electronic mail address of each stockholder of the corporation. Any notice of any regular or special meeting sent by electronic mail to the last known electronic mail address of a stockholder shall be considered a valid service of the notice upon said stockholder. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. Such requirements aforesaid and notice of any meetings may be waived, expressly or impliedly, by any stockholder.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any businesses may be transacted at the meeting originally convened.

Quorum

A quorum at any meeting of the Company's shareholders shall consist of a majority of the outstanding voting stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion. If no quorum is present, the meeting shall be adjourned until the requisite number of shareholders shall be present.

Place of Meetings

All meetings of the stockholders shall be held at the office of the Company or at any place in Metro Manila designated by the Board of Directors. The Board of Directors may authorize holding such meetings through remote communications or other alternative modes of communication, subject to compliance with applicable regulations.

Voting

The Company's shareholders may vote at all meetings the number of shares registered in their respective names, either in person (or through remote communication or in absentia as the Philippine SEC shall allow under its guidelines) or by proxy, executed in writing by the stockholder or his duly authorized attorney in fact. All elections and questions, except in cases specified by law or the Company's Articles of Incorporation, shall be decided by the majority vote of the stockholders present in person or by proxy, a quorum being present. Unless required by law or demanded by a stockholder present in person or by proxy at any meeting, the vote on any question need not be by ballot.

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 ten 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 ten 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 ten 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, by proxy, through remote communication, or in absentia. A proxy shall be in writing and duly presented to and received by the Corporate Secretary for inspection and recording within seven business days prior to the scheduled meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary. No proxy shall be valid and effective for a period longer than five years at any one time.

No member of the PSE and no broker/dealer shall give any proxy, consent or authorization, in respect of any securities carried for the account of a customer to a person other than the customer, without the express written authorization of such customer. The proxy executed by the broker shall be accompanied by a certification under oath stating that before the proxy was given by the broker, he had duly obtained the written consent of the persons in whose account the shares are held. There shall be a presumption of regularity in the execution of proxies and proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge. Proxies are required to comply with the relevant provisions of the Revised Corporation Code, the SRC, the Implementing Rules and Regulations of the SRC (as amended), and Philippine SEC Memorandum Circular No. 5 (series of 1996) issued by the Philippine SEC.

SHARE REGISTER

Our share register is maintained at the principal office of our share transfer agent, Stock Transfer Service, Inc.

SHARE CERTIFICATES

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. For Shareholders who wish to split their certificates, they may do so through application to our stock and transfer agent. Shares may also be lodged and maintained under the book-entry system of the PDTC. See "*The Philippine Stock Market*" beginning on page 249 of this REIT Plan.

MANDATORY TENDER OFFER

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months;
- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or
- equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations with and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required in:

- purchases of shares from unissued capital shares unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the Board;
- purchases from an increase in the authorized capital shares of the target company;
- purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;
- purchases in connection with a privatization undertaken by the government of the Philippines;
- purchases in connection with corporate rehabilitation under court supervision;
- purchases through an open market at the prevailing market price; or
- purchases resulting from a merger or consolidation.

CHANGE IN CONTROL

There are no existing provisions in our Articles of Incorporation or the By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

FUNDAMENTAL MATTERS

The Revised Corporation Code provides that the following acts of the corporation require the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) 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; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

Further, the approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting 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 Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with 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 a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of our operations for the preceding year. This report is required to include audited financial statements.

SUBSTANTIAL HOLDINGS

While there is no rule specifically mandating the Fund Manager to report to the PSE any substantial changes in shareholdings, the REIT Law and the PSE Listing Rules adopt the disclosure and reportorial requirements under the SRC. Our Company is therefore subject to the provisions of the Corporation Code and SRC, which state that any person who acquires directly or indirectly the beneficial ownership of more than 5% of a class of shares or in excess of such lesser percentage as the Philippine SEC by rule may prescribe, shall, within ten days after such acquisition or such reasonable time as fixed by the SEC, submit to the issuer of the securities, to the PSE, and to the Philippine SEC a sworn statement, containing the following information and such other information as the Philippine SEC may require in the public interest or for the protection of investors: (a) the personal background, identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other person by whom or on whose behalf the purchases are effected; in the event the beneficial owner is a juridical person, the business of the beneficial owner shall also be reported; (b) if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have that will effect a major change in its business or corporate structure; (c) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by; (i) such person, and (ii) each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and (d) information as to any contracts, arrangements, or understanding with any person with respect to any securities of the issuer including but not limited to transfer, joint ventures, loan or option arrangements, puts or call guarantees or division of losses or profits, or proxies naming the persons with whom such contracts, arrangements, or understanding have been entered into, and giving the details thereof.

As of the date of this REIT Plan, the Sponsor holds more than 5% of our Company's issued and outstanding Shares.

CONTINUATION OF OUR COMPANY

Under the provisions of the Corporation Code and the Company's Amended Articles of Incorporation, our Company shall have perpetual existence.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Our overall management and supervision are undertaken by the Board. Our executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning our business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which three are independent directors. The directors named below were elected at the Company's annual stockholders meeting on May 7, 2021. All directors will hold office for one year until their successors have been duly elected and qualified. None of our directors and senior management has any financial interest in the Properties.

The following table sets forth the Board of Directors of the Company:

Name	Age	Position	Citizenship
Frederick D. Go	51	Director and Chairman	Filipino
Jericho P. Go*	50	Director, President and Chief Executive Officer	Filipino
Lance Y. Gokongwei*	54	Director	Filipino
Kerwin Max S. Tan	51	Director and Treasurer	Filipino
Artemio V. Panganiban Jr.*	84	Independent Director	Filipino
Wilfredo A. Paras*	74	Independent Director	Filipino
Cesar Luis F. Bate*	60	Independent Director	Filipino

**These Directors have been elected by the Stockholders of our Company subject to the approval of the amendment to the Corporation's Articles of Incorporation to reflect the change in the number of directors from five (5) to seven (7) which was filed on April 27, 2021 with the Philippine SEC.*

The following table sets forth our key executive and corporate officers ("**Senior Management**"):

Name	Age	Position	Citizenship
Frederick D. Go	51	Director and Chairman	Filipino
Jericho P. Go	50	Director, President and Chief Executive Officer	Filipino
Kerwin Max S. Tan	51	Director and Treasurer	Filipino
Matias G. Raymundo Jr.	36	Chief Financial Officer and Compliance Officer	Filipino
Juan Antonio M. Evangelista	50	Corporate Secretary	Filipino
Ronald Agustin R. Estrada	50	Assistant Corporate Secretary	Filipino
Catalina M. Sanchez	42	Investor Relations Officer	Filipino
Dennis A. Llarena	46	Data Protection Officer	Filipino

**Mr. Jericho P. Go has been elected as President and CEO of our Company subject to the approval of the amendment to the Corporation's Articles of Incorporation to reflect the change in the number of directors from five (5) to seven (7) which was filed on April 27, 2021 with the Philippine SEC.*

Following the Philippine SEC approval of the AOI Amendments, there are no positions held by RLC REIT's directors and senior management in the Fund Manager and in the Property Manager.

The following states the business experience of our incumbent directors and officers for the last five years:

Frederick D. Go, *Director and Chairman*

Mr. Frederick Go is the Chairman, as well as a Director of our Company. In addition to his post as Director, Mr. Go is also the President and Chief Executive Officer of Robinsons Land Corporation. Concurrently, he is also the President and Chief Executive Officer of Altus Property Ventures, Inc. and the President of Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, Taicang Ding Feng Real Estate Development Company Limited, Taicang Ding Sheng Real Estate Development Company Limited, Chongqing Robinsons Land Real Estate Company Limited, and Chongqing Ding Hong Real Estate Development Company Limited. He is the Chairman of Luzon International Premier Airport Development Corporation. He is the Vice Chairman of the Board of Directors of Robinsons Bank Corporation and also serves as the Vice Chairman of the Executive Committee of the said bank. He also serves as a director of Cebu Air, Inc., Manila Electric Company, JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, and Cebu Light Industrial Park. He is the Vice Chairman of the Philippine Retailers Association.

Prior to his current roles, he acted as Director of Universal Robina Corporation from 2001 to 2019 and Director, President and COO of Robinsons Land Corporation from 2008 to 2018. In total, Mr. Go has three decades of experience in the real estate industry. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

Jericho P. Go, Director, President and Chief Executive Officer

Mr. Jericho P. Go is a Director and Chief Executive Officer of our Company. He also serves as the Senior Vice President and Business Unit General Manager of Robinsons Offices in Robinsons Land Corporation. He is concurrently the President of Robinsons DoubleDragon Corp. and member of the Board of Directors of Robinsons Equitable Tower Condominium Corporation, Robinsons Summit Center Condominium Corporation and Galleria Corporate Center Condominium Corporation. He has over 28 years of experience in the field of real estate and was responsible for filing and registering the Philippines' very first IT park with the Philippine Economic Zone Authority (PEZA) in 1997. Prior to joining RLC in 2019, he was Senior Vice President of Megaworld Corporation for business development & office leasing, investor relations and public relations from 1997 to 2019. He also held various positions in Greenfield Development Corporation and Ayala Land, Inc. He received a Bachelor of Arts degree in Development Studies from the University of the Philippines and graduated Magna Cum Laude and Class Salutatorian in 1993.

Lance Y. Gokongwei, *Director*

Mr. Lance Y. Gokongwei is a Director of our Company. He is also, presently, the Chairman of Robinsons Land Corporation. He also holds the positions of President and Chief Executive Officer of JG Summit Holdings, Inc. and Cebu Air, Inc. He is the Chairman of Universal Robina Corporation, Robinsons Retail Holdings, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation. He is a director and Vice Chairman of Manila Electric Company and a director Oriental Petroleum and Minerals Corporation, and United Industrial Corporation Limited. He is a member of the Board of Global Reporting Initiative. He is also a trustee and Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania

Kerwin Max S. Tan, *Director and Treasurer*

Mr. Kerwin Max S. Tan is a Director as well as the Treasurer of the Company. He is also the Chief Financial Officer, Chief Risk Officer and Chief Compliance Officer of Robinsons Land Corporation. He also holds the position of Chief Financial Officer, Treasurer, Chief Information Officer and Compliance Officer of Altus Property Ventures, Inc. He is the Treasurer and Chief Financial Officer of Robinsons DoubleDragon Corp. and Vice President and Treasurer of Robinsons Inn, Incorporated. Mr. Tan concurrently holds the position of Treasurer in several subsidiaries of Robinsons Land Corporation such as Bacoor R and F Land Corporation, Robinsons Land Foundation Inc, to name a few. He also holds the position of Chief Financial Officer in some of Robinsons Land Corporation's residential properties such as Acacia Escalades, Chimes Greenhills and Galleria Regency, to name a few. He is the Chief Financial Officer of Galleria Corporate Center Condominium Corporation and Robinsons Equitable Tower Condominium Corporation. He is also the Director and Chief Financial Officer in Robinsons Summit Center Condominium Corporation. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Artemio V. Panganiban, *Independent Director*

Mr. Artemio V. Panganiban acts as an independent director of our Company. He is concurrently an adviser, consultant and/or independent director of several business, civic, nongovernment and religious groups. He also writes a regular column in the Philippine Daily Inquirer. He was elected as an independent director of Robinsons Land Corporation from 2008 to 2021. He is a retired Chief Justice of the Philippines and was concurrently Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to becoming Chief Justice, he was Justice of the Supreme Court of the Philippines (1995-2005), Chairperson of the Third Division of the Supreme Court (2004-2005), Chairperson of the House of Representatives Electoral Tribunal (2004-2005), Consultant of the Judicial and Bar Council (2004- 2005) and Chairperson of eight Supreme Court Committees (1998-2005). He authored thirteen (13) books. Retired Chief Justice Panganiban obtained his Bachelor of Laws degree, cum laude, from the Far Eastern University and placed 6th in the 1960 bar examination. He was conferred the title Doctor of Laws (Honoris Causa) by the University of Iloilo in 1997, the Far Eastern University in 2002, the University of Cebu in 2006, the Angeles University in 2006, and the Bulacan State University in 2006.

Wilfredo A. Paras, *Independent Director*

Mr. Wilfredo A. Paras acts as an independent director of our Company. He serves as an independent director in Philex Mining Corporation from 2011 to present and in GT Capital Holdings, Inc. from 2015 to present He is also a trustee and the treasurer of Dualtech Technical Training Foundation Inc. from 2012 to present. From 2011 to 2016, he was also a director of Coconut Oil Mills Group. He has a degree of Bachelor of Science major in Industrial Pharmacy from the University of the Philippines – Diliman in 1969 and obtained a Masters Degree in Business Administration from De la Salle University in 2001.

Cesar Luis F. Bate, *Independent Director*

Mr. Cesar Luis F. Bate acts as an independent director of our Company. Mr. Bate is currently the Managing Director of LMN Advisors/Partners, Inc. and the President of Celisons Property, Inc. In 2007 to2016, he served as a Board of Trustee in Jose Rizal College. He obtained his Bachelor of Science with a major in Management Engineering from the Ateneo de Manila University in 1983.

Matias G. Raymundo Jr., *Chief Financial Officer and Compliance Officer*

Mr. Matias G. Raymundo Jr. is the Chief Financial Officer and Compliance Officer of the Company. Presently, Mr. Raymundo is also the Financial Planning and Analysis Director of Robinsons Land Corporation. He was part of the Robinsons Hotels and Resorts Group of Robinsons Land Corporation as Manager-Revenue Management from 2010-2016, Manager-Revenue and Risk Management from 2017 to 2018, and Officer-in-Charge for Corporate Affairs from 2018 to 2019. He obtained his Bachelor of Science in Commerce, major in Management Accounting from the Central Philippine University in 2005.

Juan Antonio M. Evangelista, *Corporate Secretary*

Mr. Juan Antonio M. Evangelista is the Corporate Secretary of the Company. He is also the Corporate Secretary of Robinsons Land Corporation. Mr. Evangelista is also the Assistant Vice President for Support and Allied Services of the Residential Division of Robinsons Land Corporation. He also handles various corporate secretarial functions of a number of companies within the Group. He obtained his Juris Doctor degree from Xavier University -Ateneo de Cagayan in 1998. He was admitted to the Philippine Bar in 1998.

Ronald Agustin R. Estrada, *Assistant Corporate Secretary*

Mr. Ronald Agustin R. Estrada is the Assistant Corporate Secretary of the Company. He is also a Legal Director in Robinsons Land Corporation. Mr. Estrada graduated with a degree in Bachelor of Science major in Economics from the University of Santo Tomas in 1991. He obtained his Juris Doctor degree from the San Sebastian College in 1997.

Catalina M. Sanchez, *Investment Relations Officer*

Ms. Catalina M. Sanchez is the Investor Relations Officer of our Company. Concurrently, she is also the Vice President – Business Development Marketing Head of Robinsons Land Corporation. She also serves as a Director in Robinsons Equitable Tower Condominium Corporation, Robinsons Summit Center Condominium Corporation, Galleria Corporate Center Condominium Corporation and RLGB Land Corporation. Prior to her current positions, she served as a Director of One Oasis Condominium Corporation from 2010-2013. Ms. Sanchez obtained her Bachelor of Science majoring in Economics from the University of the Philippines in 2000.

Dennis R. Llarena, *Data Protection Officer*

Mr. Dennis R. Llarena is the Data Protection Officer of our Company. He is also the Data Protection Officer of Robinsons Land Corporation and Altus Property Ventures, Inc. Concurrently, he is also the Residential Division/Management Services Director of Robinsons Land Corporation. Mr. Llarena also holds the position f Director in the Sapphire Bloc Condominium Corporation. Prior to these, he was a Director of Cooperative of Amspec-Tommie Employees from 2003 to 2015. He was also the Vice President for Finance in Amalgamated Specialties Corporation, Tommie Creative, WmH Rennolds Co. Inc., and The Rennolds Ent. Inc., from 2006 to 2013. He obtained units for his MBA in the San Beda Graduate School of Business.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND SENIOR MANAGEMENT

To the best of our knowledge, none of the above-named directors or executive officers has, in the last five years, been subject to the following:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- 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;

- 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 or her involvement in any type of business, securities, commodities, or banking activities; or

- found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine 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.

FAMILY RELATIONSHIPS

Frederick D. Go and Lance Y. Gokongwei are cousins. Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the fourth civil degree among our Directors, executive officers and shareholders.

BOARD COMMITTEES

Specific responsibilities of the Board are delegated to the Executive Committee, Audit Committee, Corporate Governance Committee, Board Risk Oversight Committee and Related Party Transaction Committee. A brief description of the functions and responsibilities of the key committees are set out below:

Executive Committee

The Executive Committee shall exercise any of the powers and attributes, to the extent allowed by law, of the Board of Directors during the intervening period between meetings of the Board of Directors, shall report on all resolutions adopted by it to the Board of Directors at the meeting of the Board of Directors immediately succeeding the meeting/s of the Executive Committee during which such resolutions were approved. The Board of Directors may delegate to and determine the powers, duties, and functions of the members of Executive Committee subject to applicable law.

The committee shall consist of at least three directors. A majority of the members of the Executive Committee shall be members of the Board of Directors. The appointments of the members of the Executive Committee will take effect immediately upon the issuance by the Philippine SEC of the Permit to Sell the Offer Shares of our Company, without any further action required.

Members of our Executive Committee shall comprise of Mr. Frederick D. Go, Mr. Jericho P. Go, Mr. Lance Y. Gokongwei and Mr. Kerwin Max S. Tan, with Mr. Go serving as Chairman.

Audit Committee

In addition to the functions specified in the Code of Corporate Governance and other applicable laws, rules and regulations, among the principal functions of the Audit Committee shall be to review contracts and agreements between the Corporation and any of its stockholders, officers or directors for the purpose of determining whether such contracts and agreements are fair or reasonable, or otherwise comply with applicable law.

The Audit Committee shall promulgate its own charter, for the approval of the Board, which shall set out its purposes, membership, structure, operations, reporting process, resources and other relevant information in accordance with SEC Memorandum Circular No. 4 (2012). The Audit Committee Charter shall detail its responsibility for assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter shall also contain the Audit Committee's responsibility for reviewing and monitoring the external auditor's suitability and effectivenss on an annual basis.

The committee shall consist of at least three directors, who shall be appointed by at least a majority vote of the Board of Directors for a term co-terminus with the term of the members of the Board of Directors. The appointments of the members of the Audit Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Offer Shares of our Company, without any further action required.

The committee is chaired by Mr. Artemio V. Panganiban with Mr. Wilfredo A. Paras, Mr. Cesar Luis F. Bate and Mr. Frederick D. Go, as members.

In relation to the audit of the Company's financial statements, our Company's Manual provides that the Audit Committee shall perform oversight functions over the Company's external auditors, and ensure that such auditors remain independent and are given unrestricted access to all records, properties, and personnel to enable them to perform their audit functions adequately.

In addition, prior to the commencement of the audit, the Audit Committee shall discuss with the external auditor the nature, scope and expenses of the audit. The committee shall likewise establish standards for the selection, and to assess the integrity and the independence, of the external auditor. The committee shall also review and monitor the external auditor's suitability and effectiveness on an annual basis. The committee shall recommend to the Board the appointment or reappointment, removal and fees of the external auditor, which recommendation shall be approved by the Board and the stockholders. Furthermore, the committee shall evaluate and determine the non-audit work, if any of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid.

The assessment of the performance of the Audit Committee shall be conducted by the Company within one (1) year from the date of listing of the Offer Shares on the PSE.

Corporate Governance Committee

The Corporate Governance Committee has the duty and responsibility to assist the Board of Directors in the performance of its corporate governance responsibilities, including functions of a nomination and remuneration committee. It should be composed of at least three (3) members, one (1) of whom should be independent director. The Board may consider the independent director/s to comprise the membership of the Corporate Governance Committee, including the Chairman. The appointments of the members of the Corporate Governance Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Offer Shares of our Company, without any further action required.

The committee is chaired by Mr. Cesar Luis F. Bate with Mr. Artemio V. Panganiban and Mr. Wilfredo A. Paras as members.

Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of the enterprise risk management framework of the Company that will effectively identify, monitor, assess and manage key business risks. The committee shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability. It should be comprised of at least three (3) members, at least one (1) of whom should always be an independent director. The appointments of the members of the Board Risk Oversight Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Offer Shares of our Company, without any further action required.

The committee is chaired by Mr. Wilfredo A. Paras with Mr. Frederick D. Go, Mr. Cesar Luis F. Bate and Mr. Artemio V. Panganiban as members.

Related Party Transaction Committee

The Related Party Transaction Committee ensures that there is a group-wide policy and system governing material related party transactions, particularly those that breach the materiality threshold, as determined by the Company. It is also responsible for continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, as well as evaluation of all material related party transactions to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. The committee shall be composed of at least three (3) non-executive directors, at least one (1) of whom shall always be an independent director, including the Chairman. The appointments of the members of the Related Party Transactions Committee will take effect immediately upon the issuance by the SEC of the Permit to Sell the Offer Shares of our Company, without any further action required.

The committee is chaired by Mr. Cesar Luis F. Bate with Mr. Artemio A. Panganiban and Mr. Wilfredo A. Paras as members.

See *"Related Party Transactions"* for further discussion on our Company's related party transactions.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Board has adopted the Manual on Corporate Governance ("**Manual**"), which institutionalizes the principles of good corporate governance in the entire organization. We believe that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization.

The Manual provides that it is the Board that has the primary responsibility for the governance of the corporation. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing.

In adopting the Manual, we understand the responsibilities of the Board and its members, in governing the conduct of the business of the Company, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

The Manual shall be subject to quarterly review and the Board shall also exert its best efforts to ensure a high standard of best practices for the Company. The review and amendment shall take into account the subsequent issuances of the SEC on best corporate governance practices and the Company's changing needs, actual conditions prevailing in the environment and regulatory requirements.

The Company does not deviate from the Manual.

DIRECTOR AND EXECUTIVE COMPENSATION

At present, the directors do not receive any allowance or per diem per meeting. The Company's By-Laws provides that each Director shall receive a reasonable per diem for his or her attendance at every meeting of the Board of Directors. Furthermore, every member of the Board shall receive such compensation for their services, as may, from time to time, be determined by the Board.

The officers of our Company do not receive any compensation from the Company. The compensation of these officers is paid by our Sponsor. The compensation for our executive officers for the years ended December 31, 2020, 2019 and 2018 and the six months ended June 30, 2021 amounted to nil.

There are no other executive officers other than aforementioned and there was no other compensation paid to the directors for the periods indicated.

STANDARD ARRANGEMENTS

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year

OTHER ARRANGEMENTS.

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

EMPLOYMENT CONTRACT BETWEEN THE COMPANY AND SENIOR MANAGEMENT OFFICERS

There are no special employment contracts between the Company and Senior Management.

WARRANTS AND OPTIONS HELD BY THE SENIOR MANAGEMENT OFFICERS AND DIRECTORS

There are no outstanding warrants or options held by Senior Management, and all officers and directors as a group.

SIGNIFICANT EMPLOYEE

While we value the contribution of each of our executive and non-executive employees, we believe there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of our Company. Other than standard employment contracts, there are no special arrangements with non-executive employees.

CERTAIN AGREEMENTS RELATING TO OUR COMPANY AND THE PROPERTIES

COMPREHENSIVE DEED OF ASSIGNMENT

On April 15, 2021 and pursuant to a Comprehensive Deed of Assignment, the Sponsor transferred to RLC REIT the following Assigned Properties for an aggregate consideration of ₱59,046,000,000.00, in exchange for the Sponsor receiving 9,923,997,183 shares in the Company: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa Tower and Zeta Tower (collectively referred to in this REIT Plan as one Property, the Exxa-Zeta Tower), Robinsons Cybergate Cebu (5/F to 7/F), Galleria Cebu (3/F to 4/F), Luisita BTS 1, Cybergate Naga (3/F to 5/F), and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center ((i) and (ii), collectively, the "**Assigned Properties**", and such transaction, the "**Property-for-Share Swap**"). The transaction would qualify as a tax-free exchange under the Philippine Tax Code.

Under the Comprehensive Deed of Assignment, all contracts of lease of the Sponsor with the current tenants of the Assigned Properties will be assigned to the Company, so that the Company will be indicated as the new lessor in the lease contracts of the Sponsor with its tenants. However, the assignment of these contracts would be subject to the completion of the Property-for-Share Swap.

The completion of the Property-for-Share Swap and transfer of the Assigned Properties to RLC REIT is subject to the following conditions, among others:

- Philippine SEC approval of the Property-for-Share Swap and the increase of the Company's authorized capital stock from ₱100,000,000.00 to ₱39,795,988,732.00; and

- BIR issuance of the Certificates Authorizing Registration ("**CARs**") for each Assigned Property, authorizing the registration of such Assigned Property in the name of RLC REIT.

In addition, as part of the transfer of the Assigned Properties, we will file an application with the PEZA for the change in the ownership of the Assigned Properties.

On August 2, 2021, our application for the approval of the Property-for-Share Swap was approved by the Philippine SEC and as of the date of this REIT Plan, the relevant CARs authorizing the transfer of legal title over each of the Assigned Properties from the Sponsor to our Company have all been obtained.

LEASE AGREEMENTS

LAND LEASES

Lease Agreement relating to Robinsons Cyberscape Alpha

Following the completion of the Property-for-Share Swap, the Company owns the building, Robinsons Cyberscape Alpha, located at Sapphire and Garnet Roads, within Barangay San Antonio (Oranbo), Pasig City, Metro Manila, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Robinsons Cyberscape Alpha is located provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental income gained from Robinsons Cyberspace Alpha (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Robinsons Cyberscape Beta

Following the completion of the Property-for-Share Swap, the Company owns the building, Robinsons Cyberscape Beta, located at Topaz and Ruby Roads, Ortigas Center, Pasig City, Metro Manila, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Robinsons Cyberscape Beta is situated provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, the Sponsor is to purchase the existing building owned by the Company at the fair market value at the time of the expiration or termination of the contract of lease.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Tera Tower

Following the completion of the Property-for-Share Swap, the Company would own the building, Tera Tower, located at Tera Drive corner West Drive, Bridgetowne, Barangay Ugong, Quezon City, Metro Manila, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Tera Tower is situated provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the rental income gained from Robinsons Cyberspace Beta (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Exxa-Zeta Tower

Following the completion of the Property-for-Share Swap, the Company would own Exxa-Zeta Tower, a PEZA-registered, LEED-silver certified, Prime Grade office building located at West Drive, Bridgetowne, Barangay Ugong, Quezon City, Metro Manila, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Exxa-Zeta Tower is located provides for a term of 99 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements (“**Improvements**”) owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor’s lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor’s right to eject the Company, the Sponsor is entitled to judicial costs and attorney’s fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental revenue (including VAT, as applicable). The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor’s right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Robinsons Cyberscape Sigma

Following the completion of the Property-for-Share Swap, the Company would own the PEZA-registered, Grade A office building, Robinsons Cyberscape Sigma, located at Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metro Manila, Philippines. The land on which Robinsons Cyberspace Sigma is located is currently being leased by Altus San Nicolas Corporation from the BCDA under the terms of a contract to lease with option to purchase signed on August 14, 2014; Altus San Nicolas Corporation subsequently assigned the lease to RLC, the Sponsor. It is intended that, once the Property-for-Share Swap is completed, the Sponsor will proceed with steps to assign its contract of lease with BCDA in favor of the Company, so that the Company will be the new lessee of the BCDA under the terms of the said contract of lease, and subject to the rights and obligations thereunder, including the option to purchase.

The contract of lease with the BCDA provides for a lease term of 25 years, commencing upon signing of the contract, renewable under the same terms and conditions (except for lease rate) for a maximum of 25 years, with an option to purchase at the end of the 24^{th} year of the initial lease term. If the option to purchase is not exercised, all buildings and permanent facilities/improvements the lessee has introduced would automatically become the BCDA's properties, upon expiration of the contract of lease's original term.

As consideration for the lease, the Sponsor pays the BCDA ₱50,000,000.00 per month, inclusive of VAT. The rent payable is subject to an annual rental escalation rate of 3% until the 25^{th} year of the lease. In the event that the lease is renewed, the BCDA and the lessee will have the land and improvements appraised by two independent appraisers mutually acceptable to them at the beginning of the 25^{th} year of the lease, for a cost to be borne by both parties.

Both the Company and the BCDA have the right to cancel the lease for default or breach of material covenants or undertakings by the other party, subject to a 90-day cure period where curable.

Lease Agreement relating to Luisita Office 1

Following the completion of the Property-for-Share Swap, the Company owns Luisita Office 1, a PEZA-registered office building located at Luisita Business Complex, Barangay San Miguel, Tarlac City, Province of Tarlac, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Luisita Office 1 is located provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental income gained from Luisita Office 1 (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Cybergate Delta 1

Following the completion of the Property-for-Share Swap, the Company owns Cybergate Delta 1, a PEZA-registered, Grade A office building located at J.P. Laurel Avenue, Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, Island of Mindanao, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Cybergate Delta 1 is located provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental income gained from Cybergate Delta 1 (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Robinsons Cybergate Cebu

Following the completion of the Property-for-Share Swap, the Company would own Robinsons Cybergate Cebu, a PEZA-registered building located at Don Gil Garcia Street, Barangay Capitol Site, Cebu City, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Robinsons Cybergate Cebu is situated provides for a term of 98 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the rental income gained from Robinsons Cybergate Cebu (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Robinsons Galleria Cebu

Following the completion of the Property-for-Share Swap, the Company would own the building, Robinsons Galleria Cebu, a PEZA-registered, Grade A office building located at Gen. Maxilom Avenue Ext. corner Sergio Osmeña Boulevard, Barangay Cebu Port Center, Cebu City, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Robinsons Galleria Cebu is located provides for a term of 99 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor;

(b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental income gained from Robinsons Cyberspace Alpha (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

Lease Agreement relating to Cybergate Naga

Following the completion of the Property-for-Share Swap, the Company would own Cybergate Naga, a PEZA-registered, Grade A office building located at Robinsons Place Naga, Barangay Triangulo, Naga City, Camarines Sur, Philippines; in addition, on July 16, 2021, the Company executed a contract with the Sponsor, RLC, to lease the land over which the building is situated. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The contract of lease executed between the Company and the Sponsor covering the land on which Robinsons Cybergate Naga is located provides for a term of 99 years. The Company has a right of first refusal in the event that the Sponsor decides to sell the land to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, (a) the Company will surrender the the land leased together with the building and other permanent facilities/improvements ("**Improvements**") owned and/or introduced by the Company to the Sponsor; (b) the Sponsor may, at its sole option, cause the demolition or removal of the Improvements without the necessity of a court order and charge the Company the cost of the same; (c) in case of termination by the Company, all deposits and other payments made by the Company shall be forfeited in favor of the Sponsor as damages for the Sponsor's lost business opportunities, and costs incurred by the Sponsor in entering into the contract; (d) a hold-over rate in the amount equivalent to three hundred percent (300%) of the highest rent and other charges paid shall be paid to the Sponsor should the Company fail to surrender the Subject Property as required and continue to occupy it beyond the expiry or termination of the lease period; and (e) in addition to the Sponsor's right to eject the Company, the Sponsor is entitled to judicial costs and attorney's fees of twenty percent (20%) of the hold-over rate and/or lease rentals due which in no case shall be less than ₱1.5 million, aside from the costs of the litigation and other expenses which prevailing laws may entitle the Sponsor to recover from the Company.

As consideration for the lease, the Company will pay the Sponsor 7% of the monthly rental income gained from Cybergate Naga (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land while the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the building. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless a different cure period is specified in the lease agreement. In case of default or breach of the terms of the lease agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under the agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the lease agreement and prevailing laws.

CYBERGATE CENTER LEASES

Lease Agreement relating to Robinsons Cybergate Center 2

As part of the REIT Formation Transactions, the Company is leasing the building, Robinsons Cybergate Center 2, located at Pioneer Street, Mandaluyong City, Metro Manila, Philippines from its Sponsor, RLC for a term of 98 years. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The Company has a right of first refusal in the event that the Sponsor decides to sell the project to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, the Company is to restore the entire property to its original handover condition, subject to normal wear and tear. Should the Sponsor decide, in its sole discretion, to retain any of the Company's improvements and alterations after the commencement date, it shall advise the Company at least six months prior to the termination date.

As consideration for the lease, the Company will pay the Sponsor 7% of the rental income gained from Robinsons Cybergate Center 2 (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes on the land and the building, while the Company is responsible for all other fees, charges, dues, and taxes due. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless otherwise specified in the Lease Agreement. In case of default or breach of the terms of the Lease Agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under this Agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the Lease Agreement and prevailing laws.

Lease Agreement relating to Robinsons Cybergate Center 3

As part of the REIT Formation Transactions, the Company would is leasing the building, Robinsons Cybergate Center 3, located at Pioneer Street, Mandaluyong City, Metro Manila, Philippines, from its Sponsor, RLC for a term of 99 years. The lease is to commence on the date of the certificate of approval by the Philippine SEC of the Property-for-Share Swap and the increase of the authorized capital stock of the Company.

The Company has a right of first refusal in the event that the Sponsor decides to sell the project to any third party.

Upon the expiration or termination of the contract of lease, and unless the Company has otherwise exercised its right of first refusal, the Company is to restore the entire property to its original handover condition, subject to normal wear and tear. Should the Sponsor decide, in its sole discretion, to retain any of the Company's improvements and alterations after the commencement date, it shall advise the Company at least six months prior to the termination date.

As consideration for the lease, the Company will pay the Sponsor 7% of the rental income gained from Robinsons Cybergate Center 2 (plus VAT, as applicable) from the lease of office spaces, retail shops, and parking slots, whether or not actually received or collected. The rent payable to the Sponsor is due within thirty (30) days from the end of the covered month commencing on the lease commencement date.

Interest for late payment is one percent (1%) per month with an accompanying penalty at the rate of one percent (1%) per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. The Sponsor's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under contract and applicable law.

Under the lease terms, the Sponsor is responsible for all real property taxes on the land and the building, while the Company is responsible for all other fees, charges, dues, and taxes due. The long-term lease contract contains customary force majeure provisions.

Both the Company and the Sponsor have the right to cancel the lease for default or breach of material obligation by the other party, subject to a 90-day cure period from receipt of notice or demand, unless otherwise specified in the Lease Agreement. In case of default or breach of the terms of the Lease Agreement, the Company shall pay all reasonable attorney's fees, costs and expenses of litigation that may be incurred by the Sponsor in enforcing its rights under this Agreement, as well as in the collection of all unpaid rents, fees, charges, taxes, assessments and reimbursements which the Sponsor may be entitled to. The Company shall likewise be liable for any and all damages, actual and consequential, resulting from such default or breach, as well as other remedies available to the Sponsor under the Lease Agreement and prevailing laws.

FUND MANAGEMENT AGREEMENT

The Fund Management Agreement was entered into on July 13, 2021 between the Company and the Fund Manager pursuant to which the Company engaged the Fund Manager to execute and implement the investment strategies for the Company. The Fund Manager has the overall responsibility for the allocation of the Properties to the allowable investment outlets and selection of income-generating real estate, pursuant to the Fund Management Agreement.

See "*The Fund Manager and the Property Manager—The Fund Management Agreement*."

PROPERTY MANAGEMENT AGREEMENT

The Property Management Agreement was entered into on July 13, 2021 between the Company and the Property Manager pursuant to which the Company engaged the Property Manager to operate, maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager. The Properties comprising the initial portfolio of the Company are managed by the Property Manager pursuant to the Property Management Agreement.

See "*The Fund Manager and the Property Manager—The Property Management Agreement*."

PERMITS AND LICENSES

Our Property Manager will be responsible for ensuring our continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect our operations and business. We have adopted processes to strengthen our compliance culture in order to manage and ensure that all requirements, permits and approvals are obtained in a timely manner.

As of the date of the REIT Plan, our Company has obtained, or is in the process of renewing, all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct our business and operations, as confirmed by Meer, Meer & Meer law firm in a legal opinion dated July 16, 2021. We are also awaiting issuance of certain permits from the appropriate government agencies in the ordinary course of renewal in respect of the relevant Properties. Detailed below are all of the major permits and licenses necessary for us to operate our business and for the operations of the Properties, the failure to possess any of which would have a material adverse effect on our business and operations.

The Company shall take steps to ensure that the permits and licenses shall be issued to the name of the Company as soon as practicable and has filed the necessary applications to change the name in all permits and licenses to the name of the Company with all relevant regulators, including the relevant local government units.

COMPANY PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
Securities and Exchange Commission	Certificate of Incorporation	Robinsons Realty and Management Corporation	16 May 1988	N/A
Securities and Exchange Commission	Certificate of Filing of Amended By-Laws	Robinsons Realty and Management Corporation	31 July 1990	N/A
Securities and Exchange Commission	Certificate of Filing of Amended Articles of Incorporation	Robinsons Realty and Management Corporation	8 October 1996	N/A
Securities and Exchange Commission	Certificate of Filing of Amended Articles of Incorporation	Robinsons Realty and Management Corporation	20 October 2015	N/A
Securities and Exchange Commission	Certificate of Filing of Amended By-Laws	Robinsons Realty and Management Corporation	20 October 2015	N/A
Bureau of Internal Revenue ("BIR")	Certificate of Registration	Robinsons Realty and Management Corporation	19 February 1997	N/A

ROBINSONS EQUITABLE TOWER PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Pasig	Occupancy Permit	Robinsons Land Corporation	11 February 1999	Valid until revoked
City Government of Pasig	Business Permit	Robinsons Land Corporation	26 February 2021	31 December 2021
Department of Environment and Natural	Environmental Clearance Certificate ("ECC")	Robinsons Equitable Tower Condominium	30 January 2003	Valid until revoked

Resources – Environmental Management Bureau ("DENR-EMB")				
Philippine Export Zone Authority ("PEZA")	PEZA Registration	Robinsons Land Corporation	3 August 2003	Valid until revoked
BIR	Certificate of Registration	Robinsons Land Corporation	20 September 1988	Valid until revoked

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

ROBINSONS SUMMIT CENTER PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Makati	Occupancy Permit	Robinsons Land Corporation	21 June 2001	Valid until revoked
City Government of Makati	Business Permit	Robinsons Land Corporation	06 February 2021	31 December 2021
City Government of Makati	Sanitary Permit	Robinsons Land Corporation	03 February 2021	31 December 2021
DENR-EMB	ECC	JG Summit Center	13 October 1998	Valid until revoked
PEZA	PEZA Registration	JG Summit Center	18 October 2006	Valid until revoked
BIR	Certificate of Registration	Robinsons Land Corporation	21 May 2002	Valid until revoked
Department of Interior and Local Government – Bureau of Fire Protection ("DILG-BFP")	Fire Safety and Inspection Certificate	Robinsons Summit Center Condominium	19 April 2021	19 May 2022

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

CYBERSCAPE ALPHA PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Pasig	Occupancy Permit	Robinsons Land Corporation	14 February 2014	Valid until revoked
City Government of Pasig	Building Permit	Robinsons Land Corporation	28 February 2012	Valid until revoked
City Government of Pasig	Business Permit	Robinsons Land Corporation	26 February 2021	31 December 2021
City Government of Pasig	Sanitary Permit	Robinsons Land Corporation	31 May 2021	31 December 2021

DENR	ECC	Robinsons Land Corporation	27 June 2012	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	5 March 2013	Valid until revoked
BIR	Certificate of Registration	Robinsons Land Corporation	2 May 2014	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	27 November 2020	Valid one year from the date issued
Laguna Lake Development Authority ("LLDA")	LLDA Clearance	Robinsons Land Corporation	16 August 2012	Valid until revoked

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

CYBERSCAPE BETA PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Pasig	Occupancy Permit	Robinsons Land Corporation	24 March 2014	Valid until revoked
City Government of Pasig	Building Permit	Robinsons Land Corporation	3 January 2012	Valid until revoked
City Government of Pasig	Business Permit	Robinsons Land Corporation	26 February 2021	31 December 2021
City Government of Pasig	Sanitary Permit	Robinsons Land Corporation	24 February 2021	31 May 2021
DENR-EMB	ECC	Robinsons Land Corporation	11 June 2011	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	5 March 2013	Valid until revoked
BIR	Certificate of Registration	Robinsons Land Corporation	2 May 2014	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	24 July 2020	Valid one year from the date issued
LLDA	LLDA Clearance	Robinsons Land Corporation	6 February 2013	Valid until revoked
LLDA	Discharge Permit	Robinsons Land Corporation	1 February 2021	3 February 2022

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

TERA TOWER PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Quezon City	Occupancy Permit	Robinsons Land Corporation	10 September 2015	Valid until revoked

City Government of Quezon City	Building Permit	Robinsons Land Corporation	5 March 2014	Valid until revoked
City Government of Quezon City	Business Permit	Robinsons Land Corporation	24 April 2021	31 December 2021
DENR-EMB	ECC (Amended)	Robinsons Land Corporation	8 January 2014	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	06 July 2015	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	18 August 2020	18 August 2021

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

CYBER SIGMA PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Taguig	Occupancy Permit	Robinsons Land Corporation	12 May 2020	Valid until revoked
City Government of Taguig	Building Permit	Robinsons Land Corporation	18 April 2020	Valid until revoked
City Government of Taguig	Business Permit	Robinsons Land Corporation	27 January 2021	31 December 2021
DENR-EMB	ECC	Robinsons Land Corporation	26 May 2020	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	4 January 2017	Valid until revoked
City Government of Taguig	Sanitary Permit	Robinsons Land Corporation	27 January 2021	31 December 2021
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	30 October 2020	30 November 2021

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

EXXA TOWER PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Quezon City	Occupancy Permit	Robinsons Land Corporation	16 July 2018	Valid until revoked
City Government of Quezon City	Building Permit	Robinsons Land Corporation	14 September 2016	Valid until revoked
City Government of Quezon City	Business Permit	Robinsons Land Corporation	24 April 2021	31 December 2021
DENR-EMB	ECC	Robinsons Land Corporation	19 September 2016	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	06 July 2015	Valid until revoked
BIR	Certificate of Registration	Robinsons Land Corporation	29 October 2019	Valid until revoked

DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	19 March 2021	19 March 2022
LLDA	Discharge Permit	Robinsons Land Corporation	24 September 2020	4 August 2021

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

ZETA TOWER PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to*	Date Issued	Date of Expiration
City Government of Quezon City	Occupancy Permit	Robinsons Land Corporation	16 July 2018	Valid until revoked
City Government of Quezon City	Building Permit	Robinsons Land Corporation	14 September 2016	Valid until revoked
City Government of Quezon City	Business Permit	Robinsons Land Corporation	24 April 2021	31 December 2021
DENR-EMB	ECC	Robinsons Land Corporation	19 September 2016	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	06 July 2015	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	16 June 2020	8 June 2021
LLDA	Discharge Permit	Robinsons Land Corporation	24 September 2020	4 August 2021

**Permits/Licenses/Certifications/Registrations in the name of other entities will be secured under the name of RL Commercial REIT, Inc. in the next permitting cycle or are in the process of being transferred to RL Commercial REIT, Inc.*

ROBINSONS CYBERGATE CENTER 2 PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Mandaluyong	Occupancy Permit	Robinsons Land Corporation	2 March 2006	Valid until revoked
City Government of Mandaluyong	Building Permit	Robinsons Land Corporation	1 March 2006	Valid until revoked
City Government of Mandaluyong	Business Permit	Robinsons Land Corporation	29 January 2021	31 December 2021
DENR-EMB	ECC	Robinsons Land Corporation	21 December 2005	Valid until revoked
DENR-EMB	Wastewater Discharge Permit	Robinsons Land Corporation	22 March 2021	22 March 2022
PEZA	PEZA Registration	Robinsons Land Corporation	1 October 2004	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	10 November 2020	9 November 2021

ROBINSONS CYBERGATE CENTER 3 PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Mandaluyong	Occupancy Permit	Robinsons Land Corporation	26 March 2010	Valid until revoked
City Government of Mandaluyong	Building Permit	Robinsons Land Corporation	20 November 2006	Valid until revoked
City Government of Mandaluyong	Business Permit	Robinsons Land Corporation	29 January 2021	31 December 2021
DENR-EMB	ECC	Robinsons Land Corporation	16 January 2008	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	1 October 2004	Valid until revoked

ROBINSONS CYBERGATE CEBU PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Cebu	Occupancy Permit	Robinsons Land Corporation	8 December 2009	Valid until revoked
DENR	ECC	Robinsons Land Corporation	2 April 2008	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	28 October 2009	Valid until revoked
City Government of Cebu	Business Permit	Robinsons Land Corporation	On-going renewal for CY2021	

GALLERIA CEBU PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Cebu	Occupancy Permit	Robinsons Land Corporation	08 December 2016	Valid until revoked
DENR	ECC	Robinsons Land Corporation	18 November 2015	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	18 November 2013	Valid until revoked
City Government of Cebu	Business Permit	Robinsons Land Corporation	06 April 2021	31 December 2021

ROBINSONS PLACE LUISITA 1 PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Tarlac	Occupancy Permit	Robinsons Land Corporation	19 November 2018	Valid until revoked
City Government of Tarlac	Building Permit	Robinsons Land Corporation	8 October 2018	Valid until revoked
City Government of Tarlac	Sanitary Permit	Robinsons Land Corporation	1 May 2021	31 December 2021

City Government of Tarlac	Business Permit (Luisita Complex)	Robinsons Land Corporation	1 March 2021	31 December 2021
DENR-EMB	Certificate of Non-Coverage	Robinsons Land Corporation	3 January 2017	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	10 December 2008	Valid until revoked

CYBERGATE NAGA PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Naga	Occupancy Permit	Robinsons Land Corporation	10 August 2017	Valid until revoked
City Government of Naga	Building Permit	Robinsons Land Corporation	24 July 2016	Valid until revoked
City Government of Naga	Business Permit	Robinsons Land Corporation	22 January 2021	31 December 2021
DENR	ECC	Robinsons Land Corporation	23 June 2016	Valid until revoked
PEZA	PEZA Registration	Robinsons Land Corporation	12 May 2017	Valid until revoked
City Government of Naga	Sanitary Permit	Robinsons Land Corporation	22 January 2021	31 December 2021
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	26 October 2020	26 October 2021

CYBERGATE DELTA 1 PERMITS AND LICENSES

Issuing Agency	Permit/License/Certification	Issued to	Date Issued	Date of Expiration
City Government of Davao	Occupancy Permit	Robinsons Land Corporation	14 December 2017	Valid until revoked
City Government of Davao	Building Permit	Robinsons Land Corporation	9 November 2016	Valid until revoked
City Government of Davao	Business Permit	Robinsons Land Corporation	29 January 2021	31 December 2021
DENR-EMB	ECC (Amended)	Robinsons Land Corporation	18 December 2020	Valid until revoked
DENR-EMB	Wastewater Discharge Permit	Cybergate Delta	20 January 2021	20 June 2022
PEZA	PEZA Registration	Robinsons Land Corporation	3 October 2017	Valid until revoked
DILG-BFP	Fire Safety Inspection Certificate	Robinsons Land Corporation	15 June 2021	15 June 2022

REGULATORY AND ENVIRONMENTAL MATTERS

The following description is a summary of certain sector specific laws and regulations in the Philippines, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

REAL ESTATE LAWS

The REIT Law

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the Philippine SEC approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on May 13, 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On January 20, 2020, the Philippine SEC issued Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), amending the existing REIT regulations by, among other things, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on January 23, 2020 and became effective on February 7, 2020.

Minimum Requirements of a REIT

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the Philippine SEC in accordance with the SRC and listed with the PSE in accordance with its Listing and Disclosure Rules and its Amended Listing Rules for REITs (the "**PSE Rules**"). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

Pursuant to the SRC and PSE Rules, a REIT must meet the following requirements:

1. A REIT must be incorporated as a stock corporation with a minimum paid-up capital of ₱300,000,000 at the time of incorporation which can be either in cash and/or property;

1. Its Articles of Incorporation and By-Laws must provide that all the shares of stock of the REIT shall be issued in the form of uncertificated securities;

2. It must be a public company and to be considered as such, maintain its status as a listed company; and upon and after listing, have at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT;

3. It must appoint a fund manager that is independent from the REIT and its sponsor(s)/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

4. It must appoint a property manager who is independent from the REIT and its sponsor/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

5. At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;

6. It must have such organization and governance structure that is consistent with the Revised Code of Corporate Governance and pertinent provisions of the SRC and hold such meetings as provided for in its constitutive documents pursuant to the Corporation Code;

7. It must submit a reinvestment plan and a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income-generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT;

8. A REIT must distribute at least 90% of its distributable income annually, as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT, subject to the conditions provided in Rule 4, Section 4 of the Revised REIT IRR;

9. The REIT shall also appoint an independent and duly accredited Property Valuer in accordance with Rule 9, Section 1 of the Revised REIT IRR; and

10. The REIT may only invest in certain allowable investments as will be further discussed in detail below.

Allowable Investments of a REIT

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT to the following:

1. Real Estate, whereby 75% of the total value of the REIT's assets reflecting the fair market value of total assets held ("**Deposited Property**") must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the Philippine SEC. An investment in real estate may be by way of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees;

2. Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;

3. Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (i.e., treasury bills, fixed rate treasury notes, retail treasury bonds denominated in either Philippine or in foreign currency, and foreign currency linked notes);

4. Bonds and other evidence of indebtedness issued by: (a) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of ROP bonds; and (b) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development or the Asian Development Bank);

5. Corporate bonds or non-property privately-owned domestic corporations duly registered with the Philippine SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

6. Corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the Philippine SEC and the foreign country grants reciprocal rights to Filipinos;

7. Commercial papers duly registered with the Philippine SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

8. Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past 3 years;

9. Cash and cash equivalent items;

10. Collective investment schemes duly registered with the Philippine SEC or organized pursuant to the rules and regulation of the BSP, provided that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing the prescribed weekly publication of the Net Asset Value Per Unit of the Collective Investment Scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

11. Offshore mutual funds with ratings acceptable to the Philippine SEC; and

12. Synthetic Investment Products, provided that (i) it shall not constitute more than five percent (5%) of its investible funds; (ii) availment is solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) it shall be accounted for in accordance with the PFRS; (iv) it shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BPS and/or the Philippine SEC; and (iv) its use shall be disclosed in the REIT Plan and under special authority from the Philippine SEC.

Taxation of REITs

Income Tax

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020 and by Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the National Internal Revenue Code, as amended (the "**Tax Code**"), on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

Gross Income	(as defined under Section 32 of the Tax Code)
Less:	
Allowable Deductions	(as provided under Section 34 of the Tax Code, whether itemized or Optional Standard Deduction)
Dividends Paid	(as defined under Revenue Regulations No. 13-2011, as amended)
Taxable Net Income	
x 25%	
Income Tax Due	

Under Revenue Regulations No. 3-2020, a REIT shall maintain its status as public company from the year of its listing, at the latest and thereafter, and shall comply with the provisions of its submitted Reinvestment Plan, as certified by the Philippine SEC. Otherwise, the dividend payment shall not be allowed as a deduction from its taxable income. For purposes of Revenue Regulations No. 3-2020, a "public company" is a company listed with the Exchange and which, upon and after listing, has at least 1,000 public shareholders each owning at least 50 shares of any class and who, in the aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT. Furthermore, upon the occurrence of any of the following events, a REIT shall be subject to income tax on its taxable net income as defined in the Tax Code instead of its taxable net income as defined in the REIT Law: (a) failure to maintain its status as a public company as defined in the REIT Law; (b) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure to distribute at least 90% of its Distributable Income as required by the REIT Law; (d) failure to comply with the Reinvestment Plan, as certified by the Philippine SEC; or (e) any combination of the foregoing. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

A REIT availing of tax incentives under the REIT Law shall not be entitled to avail of incentives for the same types of taxes that may be available under special laws. Moreover, under Revenue Regulations No. 3-2020, as a condition for the availment of tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Creditable Withholding Tax

Income payments received by a REIT which are subject to the expanded withholding tax shall be subject to a lower creditable withholding tax of 1%.

Transfer Taxes

The sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest thereto, shall be subject to 50% of the applicable Documentary Stamp Tax ("**DST**"). Moreover, all applicable registration and annotation fees relative or incidental thereto shall be 50% of the applicable registration and annotation fees. Both incentives can be availed by an unlisted REIT, provided it is listed with the PSE within two years from the initial availment of the incentives.

The 50% of the applicable DST shall be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such tax should have been paid upon the occurrence of any of the following events: (a) failure to list with the PSE within a period of two years from the date of initial availment; (b) failure to maintain its status as a public company as defined in the REIT Law; (c) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities with the Philippine SEC; (d) failure to distribute at least 90% of its Distributable Income required under the REIT Law; or (e) failure to comply with the Reinvestment Plan, as certified by the Philippine SEC. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

Value Added Tax

The gross sales from any disposal of real property or gross receipts from the rental of such real property by the REIT shall be subject to Value Added Tax ("**VAT**"). The REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange, or transfer of securities forming part of its real estate-related assets.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT, as well as income tax and DST, if made pursuant to a tax-free exchange under Section 40(C)(2) of the Tax Code.

Tax-Free Exchange

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the Tax Code shall have the following tax consequences: (a) the transferor shall not recognize any gain or loss on the transfer of the property to a REIT, and shall not be subject to capital gains tax, income tax, or creditable withholding tax on the transfer of such property to a REIT; (b) the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X), in relation to Section 40(C)(2) of the Tax Code; and (c) the transfer would be exempt from DST as provided under Section 199 of the Tax Code.

In general, Section 15 of Revenue Regulations No. 13-2011 provides that unless otherwise provided in the REIT Law, the internal revenue taxes under the Tax Code shall apply.

On January 2018, Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "**TRAIN Law**") was passed, and Section 86 thereof provides for a repealing clause enumerating the laws or provisions of laws that are repealed and the persons and/or transactions affected made subject to the changes in the VAT provisions of Title IV of the Tax Code, as amended. The REIT Law is not part of this enumeration. On March 15, 2018, the BIR issued Revenue Regulations No. 13-2018 amending the consolidated VAT rules under Revenue Regulations No. 16-2005. Among other things, Revenue Regulations No. 13-2018 inserted as among the VAT exempt transactions the transfer of property pursuant to Section 40(C)(2) of the Tax Code implementing Section 34 of the TRAIN Law.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X) of the Tax Code.

Previous tax regulations required entities entering into tax-free exchanges to obtain a confirmation or ruling from the BIR that a transaction would qualify as a tax-free exchange. On April 11, 2021, Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), took effect. The CREATE Law expanded the list of tax-free exchanges and reiterated the VAT exemption of these transactions. It also removed the requirement of confirmation. Now, prior confirmation of the tax-free nature of an exchange under Section 40(C)(2) of the Tax Code need not be obtained from the BIR for purposes of availing of the tax exemption. As such, at present, only a tax clearance ("**CAR**") need be obtained from the relevant Revenue District Office to effect the transfer of assets and issuance of shares through a tax-free exchange.

Reportorial Requirements and Other Matters

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("**LTRAD 3**") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the Tax Code and its implementing regulations.

A REIT shall, in addition to the existing requirements under the Tax Code and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

- a certification by a responsible person designated by the Philippine SEC that the REIT is compliant with the minimum public ownership requirement;

- a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;

- a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;

- a certified true copy of the employment contract of an overseas Filipino investor;

- a copy of the contract between the REIT and its fund manager;

- a copy of the contract between the REIT and its property manager;
- a written report on the performance of the REIT's funds and properties;
- any amendment(s) to the REIT Plan as approved by the Philippine SEC;
- a copy of the valuation report prepared by the REIT's appointed property valuer; and
- original/certified true copy of the Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR.

In case of each failure to file an information return, statement, or list, or to keep any record, or to supply any information required by Revenue Regulations No. 13-2011, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the Philippine SEC, payment by the person failing to file, keep, or supply the same of ₱1,000 for each such failure; provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed ₱25,000.

Tax Incentives

A REIT enjoys the following tax incentives:

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

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

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

Shareholders of a REIT enjoy the following tax incentives:

1. Dividends paid by a REIT to resident citizens and aliens are subject to 10% final tax. However, if the dividends are received by overseas Filipino investors, such dividends shall be exempt from the payment of income or any withholding tax. Such exemption shall be enjoyed by overseas Filipino workers for a period of seven years from the effectivity of the BIR regulations implementing the tax provisions of REIT Act. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect fifteen (15) days after that, or on August 11, 2011.

2. In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty.

Applicability of Income Taxation Incentive and DST Tax Incentive

Section 11 of Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, provides that, in order for a REIT to qualify for the income taxation incentive and the DST incentive on the transfer of real property, a REIT must be a public company, it must distribute at least 90% of its distributable income, and it must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant must be submitted as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Conversely, for a REIT to qualify for the DST incentive on the transfer of real property, it should be listed with the PSE within two years from the date of its initial availment of the incentive (i.e., the date of the execution of the transfer documents) and maintain its listed status. While unlisted, the REIT in addition to all other presently existing requirements for the issuance of a Certificate Authorizing Registration ("**CAR**"), shall execute an undertaking that it shall list within 2 years from the date of its initial availment of the incentive.

The 50% of the applicable DST given as an incentive shall nevertheless be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such taxes should have been paid upon the occurrence of any of the following events, subject to the rule on curing period when applicable: (a) failure of a REIT to list with the PSE within 2 years from the date of its initial availment of this incentive; (b) failure of a REIT to maintain its status as a public company; (c) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; and (d) failure of a REIT to distribute at least 90% of its Distributable Income.

Revocation of Tax Incentives

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, a REIT shall be subject to the applicable taxes, plus interests and surcharges, under the Tax Code upon the occurrence of any of the following events, subject to the rule on curing period where applicable: (a) failure of a REIT to maintain its status as a public company; (b) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure of a REIT to distribute at least 90% of its Distributable Income; (d) failure of a REIT to list with the PSE within the two-year period from date of initial availment of DST incentive; (e) revocation or cancellation of the registration of the securities of a REIT; and (f) failure of a REIT to comply with the Reinvestment Plan as certified by the Philippine SEC and to submit the original or certified true copy of the Certification from the Philippines SEC, duly received by the BIR, as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Delisting and its Tax Consequences

In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the Tax Code and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the Tax Code.

This shall be without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT's investors at the time of final delisting the book value/acquisition cost of their shares.

Nationality Restriction

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

As of the date of this REIT Plan, the Company has interests in land. As such, foreign shareholdings in our Company may not exceed 40% of our Company's total issued and outstanding capital stock.

Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

Zoning and Land Use

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("**DAR**"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); provided that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits, or options on the contract shall be included in the computation of the total number of installment payments made.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Anti-Money Laundering Act

On January 29, 2021, Republic Act No. 11521 was enacted, amending certain provisions of Republic Act No. 9150, otherwise known as the Anti-Money Laundering Act ("**AMLA**"). The necessary changes were likewise incorporated in the 2018 Implementing Rules and Regulations through the Anti-Money Laundering Council's ("**AMLC**") Regulatory Issuance A, B, and C No.1 Series of 2021 which took effect on January 31, 2021. In particular, Republic Act No. 11521 revised the list of "Covered Persons" under the AMLA to include real estate brokers and developers. As such, real estate brokers and developers are now required to submit a covered transaction report involving any single cash transaction exceeding ₱7,500,000.00 or its equivalent in any other currency.

Further, RA11521 provides the following suspicious transactions with Covered Persons, regardless of the amounts involved, where any of the following circumstances exist:

"1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The client is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the client;
4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;

6. The transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or
7. Any transaction that is similar or analogous to any of the foregoing."

Under the AMLA, Covered Persons shall subject covered transaction and suspicious transaction reports to the AMLC, and shall identify and record the true identity of their customers, whether permanent or occasional, and whether natural or juridical persons, or legal arrangements based on official documents. To comply with this, such Covered Persons are obligated to implement appropriate systems of collecting and recording identification information and identification documents, and shall implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted, and provided by the customer, using reliable and independent sources, documents, data, or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

Relevantly, a REIT is allowed by the implementing rules and regulations of the REIT Act to develop property, provided it complies with the parameters under the rules (e.g., it must hold in fee simple the developed property for at least three years from date of completion, and the prospects for the real estate upon completion can be reasonably expected to be favorable). As a developer, a REIT may be obligated to comply with the provisions of the AMLA, as amended. Failing to report to the AMLC all covered and suspicious transactions within the prescribed periods may expose real estate developers to penalties.

Department of Human Settlements and Urban Development Act

Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed by the President on February 14, 2019. The Implementing Rules and Regulations of the Act was approved on July 19, 2019. This Act created the Department of Human Settlements and Urban Development ("**DHSUD**") through the consolidation of the Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**"), simultaneously with the reconstitution of HLURB into Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB shall be transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB.

The DHSUD shall:

1. Act as the primary national government entity responsible for the management of housing, human settlement and urban development;

2. Be the sole and main planning and policy-making, regulatory, program, coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to an affordability of basic human needs. The following functions of HLURB are transferred to DHSUD:

    a. The land use planning and monitoring function, including the imposition of penalties for noncompliance to ensure that LGUs will follow the planning guidelines and implement their CLUPs and ZOs;

    b. The regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments, and imposition of fines and other administrative sanctions for violations, pursuant to PD 957, as amended, BP 220 and other related laws; and

    c. The registration, regulation and supervision of Homeowners Associations, including the imposition of fines for violations, pursuant to RA 9904, Section 26 of RA 8763 in relation to Executive Order No. (EO) 535, series of 1979, and other related laws; and

    d. The adjudicatory mandate of the HLURB.

3. Develop and adopt a national strategy to immediately address the provision of adequate and affordable housing to all Filipinos, and ensure the alignment of the policies, programs, and projects of all its attached agencies to facilitate the achievement of this objective.

All existing policies, and rules and regulations of the HUDCC and the HLURB shall continue to remain in full force and effect unless subsequently revoked, modified or amended by the DHSUD or the HSAC, as the case may be.

All applications for permits, licenses and other issuances pending upon the effectivity of the Act and filed during the transition period shall continue to be acted upon by the incumbents until transition shall have been completed.

All cases and appeals pending with the HLURB shall continue to be acted upon by the HLURB Arbiters and the Board of Commissioners, respectively, until transition shall have been completed and the Commission's operations are in place. Thereafter, the Regional Adjudicators and the Commission shall correspondingly assume jurisdiction over those cases and appeals. All decisions of the Commission shall thenceforth be appealable to the Court of Appeals under Rule 43 of the Rules of Court.

The transition period shall commence upon the effectivity of the Implementing Rules and Regulations and shall end on December 31, 2019. Thereafter, the Act shall be in full force and effect.

Fire Code

Republic Act No. 9514, or the Fire Code of the Philippines ("**R.A. 9514**"), aims to ensure public safety and prevent and suppress all kinds of destructive fires. It provides that building owners or administrators must comply with the following:

1. Inspection requirements;
2. Safety measures for hazardous materials;
3. Safety measures for hazardous operation/processes;
4. Provision on fire safety construction, protective and warning system; and
5. Abatement of fire hazards.

In addition, R.A. 9514 provides for penalties for violation of its provisions.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit. The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

Special Economic Zone Act

The Philippine Economic Zone Authority ("**PEZA**"), is a government corporation that operates, administers and manages designated special Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines subject to the evaluation and recommendation of PEZA, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. Under R.A. No. 7916, as amended (the "**Special Economic Zone Act of 1995**"), an Ecozone enterprise, on the other hand, includes, among others, export enterprises, domestic market enterprises, pioneer enterprises, facilities enterprises, and developers or operators. Generally, enterprises registered with PEZA and PEZA facility developers and operators enjoy fiscal and non-fiscal incentives such as an income tax holiday, and duty-free importation of equipment, machinery, and raw materials. In order to avail of such incentives however, enterprises are required to comply with the obligations under the Special Economic Zone Act of 1995 as well as directives PEZA may issue and conditions stipulated in the registration. Further, there are reportorial requirements to comply with such as the submission of financial documents (Audited Financial Statements, Income Tax Returns).

An Ecozone developer or operator refers to a business entity or concern duly registered with or licensed by PEZA to develop, operate, and maintain an Ecozone or any or all of the component industrial estates, export processing zones, free trade zones, or tourist or recreational centers and the required infrastructure facilities and utilities such as light and power systems, water supply and distribution systems, sewerage and drainage systems, pollution control devices, communication facilities, paved road networks, administration buildings, and other facilities as may be required by PEZA. An Ecozone developer or operator may be an information technology park developer or operator, among other types of developers or operators.

FOREIGN INVESTMENT LAWS AND RESTRICTIONS

Foreign Investments Act of 1991

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("**Foreign Investments Act**"), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in the Foreign Investment Negative List. The latest Foreign Investment Negative List (Eleventh) maintains the prohibition of foreign equity for retail trade enterprises with paid-up capital of less than $2,500,000 under R.A. 8762.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the Foreign Investments Act as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- 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;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code of the Philippines, 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.

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 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Land Ownership

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.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) original certificate of inward remittance of foreign exchange and its conversion into Philippine Pesos through an authorized agent bank in the prescribed format; and (iii) authority to disclose ("**Authority to Disclose**") in the prescribed format. The Authority to Disclose allows the custodian bank to disclose to the BSP any information that may be required to comply with post-audit requirements for the registration of Peso-denominated investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("**BSRD**") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

LABOR AND EMPLOYMENT

Labor Code of the Philippines

The Department of Labor and Employment ("**DOLE**") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("**Labor Code**") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On March 16, 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. 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.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

PHILIPPINE COMPETITION ACT

Republic Act. No. 10667, or the Philippine Competition Act ("**PCA**"), is the primary competition policy of the Philippines. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

(1) anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous

practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

(2) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and

(3) merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the Implementing Rules and Regulations ("**PCA IRR**") without notice to the PCC.

On February 21, 2019, the PCC issued PCC Advisory No. 2019-001, effective March 1, 2019, amending the PCA IRR. It increased the thresholds to ₱5.6 billion for the Size of Person and ₱2.2 billion for the Size of Transaction, as defined in the PCA IRR. Under the Advisory, as to joint venture transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion. The revised thresholds under PCC Advisory No. 2019-001 shall not apply to mergers or acquisitions pending review by the PCC; notifiable transactions consummated before the effectivity of PCC Advisory 2019-001 (i.e. March 1, 2019); and, transactions which are already subject of a decision by the PCC. Notably, the Bayanihan 2 Act exempts mergers or acquisitions with transaction values below ₱50 billion from mandatory review for a period of two years from the effectivity of the Bayanihan 2 Act. Such transactions are likewise exempt from the PCC's *motu proprio* review for a period of one year from the effectivity of the Bayanihan 2 Act.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures ("**Merger Rules**") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the **PCC** or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

REVISED CORPORATION CODE

Republic Act No. 11232 or the Revised Corporation Code ("**Revised Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

- corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- the Code allows the creation of a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an **OPC**, unless provided for under special laws.

- material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

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

- in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The 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.

ENVIRONMENTAL LAWS

Environmental Impact Statement System

Undertakings or operations on any declared environmentally critical project or area are required to obtain an Environmental Compliance Certificate ("**ECC**") prior to commencement. The Department of Environment and Natural Resources ("**DENR**"), through its regional offices or through the Environmental Management Bureau (the "**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("**EIS**") to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted addressing possible adverse consequences of the project to the environment. The EIS refers to the document, prepares and submitted by the project proponent and/or the Environmental Impact Assessment Consultant which provides for a comprehensive study of the significant impacts of a project to the environment. On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "**IEE**") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures.

PRINCIPAL AND SELLING SHAREHOLDER

As part of the REIT Formation Transactions, we filed an application with the Philippine SEC for certain amendments to our Articles of Incorporation, including the increase of our authorized capital stock. Following the approval of the increase of authorized capital stock on August 2, 2021, we have an authorized capital stock of ₱39,795,988,732.00 divided into 39,795,988,732 common shares with a par value of ₱1.00 per Share, of which 9,948,997,197 Shares issued and outstanding.

We have 11 shareholders as follows:

No.	Name of Shareholder	Nationality	No. of Common Shares Held	Amount Subscribed (₱)	Amount Paid-up (₱)	Percentage of Ownership
1	Robinsons Land Corporation*	Filipino	9,948,997,173	9,948,997,173.00	9,948,997,173.00	100%
2	Frederick D. Go	Filipino	4	4.00	4.00	nil
3	Kerwin Max S. Tan	Filipino	4	4.00	4.00	nil
4	Faraday D. Go	Filipino	2	2.00	2.00	nil
5	Henry L. Yap	Filipino	2	2.00	2.00	nil
6	Corazon L. Ang Ley	Filipino	2	2.00	2.00	nil
7	Lance Y. Gokongwei	Filipino	2	2.00	2.00	nil
8	Jericho P. Go	Filipino	2	2.00	2.00	nil
9	Artemio V. Panganiban	Filipino	2	2.00	2.00	nil
10	Wilfredo Paras	Filipino	2	2.00	2.00	nil
11	Cesar Luis F. Bate	Filipino	2	2.00	2.00	nil
	TOTAL		**9,948,997,197**	**9,948,997,197.00**	**9,948,997,197.00**	**100%**

**The authorized representative of Robinsons Land Corporation is Mr. Frederick D. Go.*

PSE LOCK-UP REQUIREMENT

Under the PSE Consolidated Listing and Disclosure Rules, an applicant company shall cause its existing shareholders who own an equivalent of at least ten percent (10%) of the issued and outstanding shares of stock of the company to refrain from selling, assigning, or in any manner disposing of their shares for a period of:

- 180 days after the listing of said shares if the applicant company meets the track record requirements in Section 1, Article III, Part D of the PSE Consolidated Listing and Disclosure Rules; 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 Consolidated Listing and Disclosure Rules.

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

The following outstanding shares after the completion of the Offer are covered by the 365-day lock-up requirement from the Listing Date:

Shareholder	No. of Shares
Robinsons Land Corporation	6,301,030,173 Shares(1) or 6,606,133,173 Shares(2)
Frederick D. Go	2 Shares
Kerwin Max S. Tan	2 Shares
Lance Y. Gokongwei	2 Shares

Shareholder	No. of Shares
Jericho P. Go	2 Shares
Artemio V. Panganiban	2 Shares(3)
Wilfredo Paras	2 Shares(3)
Cesar Luis F. Bate	2 Shares(3)

Notes:
(1) Assuming full exercise of the Overallotment Option
(2) Assuming no exercise of the Overallotment Option
(3) Qualifying Shares issued to our independent directors

To implement the lock-up requirement, we and the foregoing shareholders shall enter into an escrow agreement with the Rizal Commercial Banking Corporation – Trust and Investments Group.

On April 30, 2021, the PSE issued Memorandum CN – No. 2021-0029 requesting the public to comment on the proposed amendments to the lock-up rule for REITs. The amendments to the lock-up rule for REITs proposes to partially exempt the shares issued to a sponsor which may take place within the one hundred eighty (180)-day period before the offer period for the IPO from the lock-up requirement under Section 2(a) of Article III, Parts D and E of the PSE Consolidated Listing and Disclosure Rules. Under the existing lock-up rules of the PSE, if the subscription price paid by the sponsors/promotoers for the REIT shares is lower than the IPO price, the shares acquired by such sponsors/promoters would be subject to a 365-day lock-up from the full payment of the aforesaid shares and thus such sponsors/promoters would be precluded from selling their shares during the IPO which will, in turn, defeat the REIT's objective of complying with the MPO requirement.The Exchange proposes to exempt shares issued to sponsors/promoters from the application of the Lock-Up Rule, provided that:

(a) The shares could not have been issued earlier than the 180-day period prior to the IPO because of pending regulatory requirements;

(b) The sponsors/promoters sell the exempted shares during the IPO, provided that, such sponsors/promoters may only sell shares during IPO to the extent that will allow the REIT to achieve the minimum public ownership requirement, i.e., that it shall have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares, and who, in aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT; and

(c) REIT shares which are covered by this exemption but are not sold during the IPO shall lose their lock-up exemption and be subject to the 365-day lock-up counted from full payment.

As of date, the PSE has yet to issue the amended lock-up rule for REITs.

On August 11, 2021, the PSE granted a waiver of the lock-up rule for the shares issued to our Sponsor as a part of the Property-for-Share Swap, subject to the following conditions: (i) our Sponsor may only sell up to 49% of the shares during the IPO; and (ii) the shares not sold during the IPO shall lose their lock-up exemption and be subject to lock-up counted from full payment up to 365 days after the listing date.

THE SELLING SHAREHOLDER

The following table below sets forth, for the Selling Shareholder, the number of Shares and percentage of outstanding shares held before the Offer, the maximum number of Shares to be sold in the Offer and the number of shares and percentage of outstanding shares owned immediately after the Offer:

Selling Shareholder	Shareholdings before the Offer	% of Shares Out-standing before the Offer	Maximum Number of Shares to be Sold	Shareholdings following completion of the Offer	% of Shares Outstanding following completion of the Offer	Shareholdings following completion of the Offer assuming Full Exercise of the Overallotment Option	% of Shares Outstanding following completion of the Offer assuming Full Exercise of the Overallotment Option
RLC	9,948,997,173	100%	3,647,967,000	6,606,133,173	66.40%	6,301,030,173	63.33%

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of the date of this REIT Plan, the following are the owners of our common stock in excess of 5% of total issued and outstanding shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common shares	Robinsons Land Corporation Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila	Robinsons Land Corporation	Filipino	9,948,997,173	100%

SECURITY OWNERSHIP OF MANAGEMENT

As of the date of this REIT Plan, the following are the shareholdings of our Senior Management:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership	Percentage of Ownership
Common shares	Frederick D. Go	Chairman	Filipino	₱4.00	nil
Common shares	Jericho P. Go	President and CEO	Filipino	₱2.00	nil
Common shares	Lance Y. Gokongwei	Director	Filipino	₱2.00	nil
Common shares	Kerwin Max S. Tan	Director, Treasurer and Compliance Officer	Filipino	₱4.00	nil
Common shares	Artemio V. Panganiban	Independent Director	Filipino	₱2.00	nil
Common shares	Wilfredo A. Paras	Independent Director	Filipino	₱2.00	nil
Common shares	Cesar Luis F. Bate	Independent Director	Filipino	₱2.00	nil

Except for the foregoing, no other members of the Board or Senior Management own any shares in the Company.

VOTING TRUST HOLDERS OF 5% OR MORE

As of the date of this REIT Plan, we are not aware of any person holding more than 5.0% of a class of our shares under a voting trust or similar agreement.

CHANGE IN CONTROL

There has been no change in the control of the Company since it was incorporated.

RELATED PARTY TRANSACTIONS

Related Party Transactions and the REIT Law

Under the provisions of the REIT Law, a related party is defined to include:

- a director; the chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment, officer and their equivalent positions, including consultants with similar rank or position (the "**Principal Officer**"); or a stockholder who is, directly or indirectly, the beneficial owner of more than ten percent of any class of the REIT's shares (a "**Principal Stockholder**"); or an associate of such persons;

- the sponsor or promoter of the REIT, meaning any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the REIT;

- the fund manager of the REIT, meaning any person who manages the functions of the REIT;

- any adviser of the REIT, meaning a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the REIT;

- the property manager of the REIT, meaning a professional administrator of real properties who is engaged by the REIT to provide the property management services;

- a director, Principal Stockholder or Principal Officer of the sponsor/promoter of the REIT, fund manager, property manager, or associate of the any such persons;

- parent, subsidiary or affiliate to the REIT, the fund manager or the property manager; and

- any person who holds legal title to the shares of the REIT for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

(collectively, "**Related Parties**")

Any contract or amendment thereto, between the REIT and any related party, as described above, including contracts for services, shall comply with the following minimum requirements:

- the REIT must fully, fairly, timely, and accurately disclose the identity of the Related Party or Parties, their relationship with the REIT, and other important terms and conditions of the transaction to the PSE and the Philippine SEC;

- the contract must be on fair reasonable terms, including the contract price;

- the contract must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- the contract must be approved by the related party transactions committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transaction;

- the REIT must comply with Philippine SEC Memorandum Circular No. 10 series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the Philippine SEC;

- the contract must be accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Philippine SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- the REIT must also disclose any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

Related Party Transactions and Philippine SEC Regulation

The Philippine SEC likewise issued Memorandum Circular No. 10, Series of 2019, which took effect on April 27, 2019 (the "**Circular**"). Under this Circular, related party transactions, either individually or in aggregate over a twelve-month period, amounting to at least 10% of a company's total assets shall be considered as a material related party transaction ("**Material RPT**"). The Philippine SEC likewise included in the relevant definition of "related parties" directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control or significant influence over the reporting publicly-listed company.

Some of the new and pertinent rules provided in the Circular are as follows:

- newly listed companies shall submit their Material RPT policy within six months from their listing date, which policy must be consistent with the Circular. The Material RPT Policy shall be signed by the company's chairman and compliance officer;

- the board of directors shall adopt a group-wide Material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile, and complexity of operations;

- the Material RPT policy shall include, at a minimum: identification of related parties, coverage of Material RPT, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the Material RPT, guidelines in ensuring arm's length terms, approval of Material RPT, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive Material RPT;

- the approval of Material RPT shall be by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the Material RPT. If the majority vote of independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the company. The same board approval shall be secured for aggregate related party transactions within a twelve-month period that breaches the 10% materiality threshold covering the same related party;

- an Advisement Report on Material RPT shall be submitted to the Philippine SEC within three calendar days after the execution date of the transaction; and

- a summary of Material RPT for the reporting year shall be disclosed in the Integrated Annual Corporate Governance Report annually every May 30.

Our Existing Related Party Transactions

In the ordinary course of business, we enter into various transactions with related parties and affiliates, principally consisting of leases of commercial space. Historically, the related party transactions involving the Assigned Properties involved three to five year leases at prevailing market lease rates and shared expenses for common costs incurred in the normal course of business.

Transactions entered with related parties are made at terms equivalent to those that prevail in arm's length transactions on terms comparable to those available from or to unrelated third parties, as the case may be. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand.

For the six months ended June 30, 2021, the amounts and balances arising from significant related party transactions are as follows:

Related Party	Nature of Transaction	Value of the Transaction	Key Terms of the Transaction
JG Summit Holdings, Inc.	Rental income	₱19,216,832	Three to five-year lease terms at prevailing market lease rates; renewable at the end of the lease term
JG Summit Holdings, Inc.	Shared expenses	₱9,507,726	Non-interest bearing; due and demandable
Universal Robina Corporation	Rental income	₱59,385,004	Three to five-year lease terms at prevailing market lease rates; renewable at the end of the lease term
Aspen Business Solutions, Inc.	Rental income	₱17,118,594	Three to five-year lease terms at prevailing market lease rates; renewable at the end of the lease term
Robinsons Bank Corporation	Rental income	₱11,757,225	Three to five-year lease terms at prevailing market lease rates; renewable at the end of the lease term

For more information on volume and amounts outstanding, see Note 13 to the audited Interim Combined Carve-out Financial Statements.

Future Related Party Transactions

As a REIT listed on the PSE, our Company will be regulated by the rules and regulations of the Philippine SEC as well as the Listing Rules and other regulations of the PSE. These rules and regulations, along with the REIT Law, regulate transactions entered into by us with related parties with respect to our acquisition of assets from or sale of assets to a related party, our investment in securities of or issued by a related party, and the engagement of a related party as a property management agent or marketing agent for our properties. Depending on the materiality of transactions entered into by us for the acquisition of assets from the sale of assets to or the investment in securities of or issued by, a related party, the rules described above may require us to announce such a transaction to the Philippine SEC and the PSE and may also require the approval of the Shareholders to be obtained.

Subject to compliance with the applicable requirements, our Company will not be prohibited by the rules of the Philippine SEC, the PSE, or the REIT Law from contracting or entering into any financial, banking, or any other type of transaction with a related party or from being interested in any such contract or transaction, provided that any such transaction shall be on normal, arm's length commercial terms and is not prejudicial to the interests of the Company and the Shareholders. See "*The Fund Manager and the Property Manager – Related Party Transactions.*"

Our expected future related party transactions are set out in the table and summarized below.

	Related Party	Nature of Transaction	Value of Transaction
1.	Robinsons Land Corporation	Land Lease in respect of nine Properties	7% monthly rental income from the lease of office spaces, retail shops and parking slots, whether or not actually received or collected
2.	Robinsons Land Corporation	Building Lease for two Properties (Cybergate Center Buildings)	7% monthly rental income from the lease of office spaces, retail shops and parking slots, whether or not actually received or collected
3.	Robinsons Land Corporation	Deed of Assignment	Includes the lease revenues and payments consisting of payment for rental, taxes, utilities, association dues and other assessments
4.	RL Fund Management, Inc.	Fund Management Agreement	*= **0.10%** of Deposited Property Value for the relevant period Fair Value of leasehold assets, for the relevant period* *+ **3.5%** of the earnings before interest, taxes, depreciation, and amortization (EBITDA) before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period (Management Fee)*

	Related Party	Nature of Transaction	Value of Transaction
			+ ***1%*** *of acquisition price for every acquisition made, if applicable (Acquisition Fee)* + ***0.50%*** *of selling price for every property divested, if applicable (Divestment Fee)*
5.	RL Property Management, Inc.	Property Management Agreement	= ***3%*** *of Gross Rental Income for the relevant period* + ***2%*** *of the earnings before interest, taxes, depreciation, and amortization (EBITDA) before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period*
6.	Robinsons Land Corporation	Memorandum of Understanding	To be determined.

Under the Land Leases, our Company and the Sponsor entered into land lease agreements over the land where nine of our Properties stand, commencing on the date of approval by the SEC of the issuance of shares to the Sponsor pursuant to the property-for-share swap transaction, and for either 98 or 99 years. Monthly rental shall be equivalent of 7% of the rental income from the lease of office spaces, retail shops and parking slots, whether or not actually received or collected, exclusive of VAT, DST and other taxes which shall be borne by the Company.

Under the Cybergate Building Leases, our Company and the Sponsor entered into building lease agreements over Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, commencing on the date of approval by the SEC of the issuance of shares to the Sponsor pursuant to the property-for-share swap transaction, and for 99 and 98 years, respectively. Monthly rental shall be equivalent of 7% of the rental income from the lease of office spaces, retail shops and parking slots, whether or not actually received or collected, exclusive of VAT, DST and other taxes which shall be borne by the Company.

A Fund Management Agreement was entered into on July 13, 2021 between the Company and the Fund Manager engaging the Fund Manager to execute and implement the investment strategies for the Company on the 14 Properties, for a term of five years, commencing on the Listing Date, which automatically renews for successive five-year terms thereafter, unless terminated on certain grounds, including material breach of the agreement.

The Fund Management Fee is calculated as follows, exclusive of taxes:

Fund Management Fee	=	**Management Fee** = 0.10% of Deposited Property Value and Fair Value of leasehold assets(1) for the relevant period + 3.5% of EBITDA(2) before deduction of fees payable to the Fund Manager and the Property Manager for the relevant period
		plus
		Acquisition Fee (if applicable) = 1% of acquisition price for every acquisition made
		plus
		Divestment Fee (if applicable) = 0.50% of the selling price for every property divested

Notes:

(1) For purposes of determining Deposited Property Value and Fair Value of leasehold assets on a quarterly basis, the Deposited Property Value of the Company's assets and the Fair Value of the assets leased by the Company as of the last day of the immediately preceding calendar quarter divided by four shall be used as the basis. The Deposited Property Value is determined with reference to latest appraisal of the Portfolio, including the appraised valuation of the leasehold assets, which will be conducted at least once a year by an accredited external property valuer.

(2) The Fund Manager shall be paid the Management Fee based on an unaudited computation of the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the relevant quarter, without taking into consideration accounting adjustments.

In the event that there is a discrepancy in the unaudited and audited figures of EBITDA and in the valuation of the Company's assets, the Management Fee paid to the Fund Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Fund Management Fee is exclusive of all applicable taxes.

The Fund Management Fee shall be due and payable to the Fund Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Fund Management Fee is to be applied. The computation for the Fund Management Fee shall be reviewed every five years.

A Property Management Agreement was entered into on July 13, 2021 between the Company and the Property Manager engaging the Property Manager to operate, maintain, manage, and market the 14 Properties, subject to the overall management and directions of the Fund Manager, for a term of five years, commencing on the Listing Date, which automatically renews for successive five-year terms thereafter, unless terminated on certain grounds, including material breach of the agreement.

Likewise, as part of our Property Management Agreement, our Property Manager is entitled to fees for the property management services provided to us for the Properties.

Property Management Fee is computed using the following formula, exclusive of applicable taxes:

The Property Management Fee is calculated as follows:

Property Management Fee	=	3% of Gross Rental Income(1) for the relevant period
		plus
		2% of EBITDA(2) before deduction of fees payable to the Fund Manager and Property Manager for the relevant period

Notes:

(1) For purposes of determining the Property Management Fee, Gross Rental Income and EBITDA will be based on an unaudited computation of the Company's Gross Rental Income and EBITDA for the relevant quarter without taking into consideration accounting adjustments.

(2) EBITDA is calculated as the earnings before interest, taxes, depreciation and amortization before deduction of fees payable to the Fund Manager and Property Manager for the relevant period.

In the event that there is a discrepancy in the unaudited and audited figutes of the Gross Rental Income and EBITDA, the Property Management Fee paid to the Property Manager for the relevant calendar year shall be correspondingly adjusted. The adjustment shall be taken up in the billing for the first quarter of the succeeding calendar year. The Property Management Fee is exclusive of all applicable taxes.

The Property Management Fee shall be due and payable to the Property Manager on a quarterly basis in the months of April, July, October and January, following the relevant period covered. The relevant period refers to the quarter for which the Property Management Fee is to be applied. The computation for the Property Management Fee shall be reviewed every five years.

Certain Relationships and Related Transactions

Our Company has no relationships that fall outside the definition of "related parties" under SFAS/IAS No. 24, but with whom our Company or its related parties have a 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.

Aside from those disclosed above, there are no other related party transactions, and ongoing contractual commitments as a result of related party arrangements.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter, the Local Underwriters, nor any of their respective subsidiaries, affiliates or advisors in connection with sale of the Offer Shares.

BRIEF HISTORY

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, 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 exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the Philippine SEC granted the PSE "Self-Regulatory Organization" status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization and converted from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120 million. As of March 31, 2021, the PSE has 85,406,248 issued and outstanding shares, of which 3,513,951 are treasury shares, resulting in 81,892,297 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1 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. Recently, 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 Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 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 the articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component stocks.

The PSE has a benchmark index, referred to as the PSEi, which, as of the date thereof, reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of 30 selected stocks listed on the PSE. In July 2010, the PSE's new trading system, now known as PSE Trade, was launched. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

In December 2013, the PSE Electronic Disclosure Generation Technology ("**EDGe**"), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

With 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.

Furthermore, the PSE launched its Corporate Governance Guidebook in November 2010 to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

The table below indicates the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱ billions)	(in ₱ billions)
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	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	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	13,465.2	2,151.4
2016	7,629.7	268	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,960.0
2018	7,466.0	267	16,150.0	1,740.0
2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	271	15,888.9	1,770.9

Source: PSE and PSE Annual Reports.

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 noon for the morning session. It resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Mondays to Fridays, except legal and special holidays, days when the BSP clearing house is closed and such other days as may be declared by the Philippine SEC or the PSE, to be a non-trading day.

Beginning on March 15, 2020, the PSE, in the observance of the government's implementation of the community quarantine in parts of the country including Metro Manila due to the COVID-19 pandemic, has implemented shortened trading hours starting at 9:30 a.m. and ending at 1:00 p.m. The shortened trading hours are still being implemented as of the date of this REIT Plan.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order may result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or canceled for a security that is frozen. 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 the event 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 the event 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 or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a certificate of registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

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: (a) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE trading participants; (b) 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; (c) performing risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the Philippine Depository and Trust Corp. (formerly the Philippine Central Depository, Inc.) ("**PDTC**"). Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP which are BDO Unibank, Inc. ("**BDO Unibank**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank & Trust Company ("**Metrobank**"), Deutsche Bank AG Manila Branch ("**DB**"), Union Bank of the Philippines ("**Unionbank**"), The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), Maybank Philippines, Inc. ("**Maybank**"), Asia United Bank 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 ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

SCRIPLESS TRADING

In 1995, the PDTC, was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC and Maybank.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("**PCD Nominee**") whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. On the other hand, immobilization is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute 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 of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the 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 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

In addition to the foregoing, the PSE also apprised all listed companies and market participants through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the Philippine SEC.

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 Philippine SEC 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 a new company to be listed at the PSE as of July 1, 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 an existing listed company, 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 cancelation. 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.

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

Under the amended rules on minimum public ownership promulgated by the PSE and approved by the Philippine SEC, listed companies are required at all times to maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage as may be prescribed by the PSE. 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) purpose of investment; and (c) extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

On December 1, 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

Further, notwithstanding the quarterly public ownership report requirement of the PSE, a company shall establish and implement an internal policy and procedure to monitor its MPO and shall immediately report to the Philippine SEC within the next business day if its public float level has fallen below 20%. The company shall submit to the Philippine SEC within ten days after knowledge about the deficiency in its MPO, 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 the date of such decline. The company shall submit to the Philippine SEC a public ownership report and progress report on submitted business plan within 15 days after end of each month until such time that its public float reaches the required level.

The requirement of minimum public ownership shall also form part of the requirement for the registration of securities. Non-compliance with these requirements shall subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the Philippine SEC.

On August 4, 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 ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Under Section 8.1 of the REIT Law and Section 5.1(a) of the Revised REIT IRR, a REIT must be a public company. It is required to maintain its status as a listed company and upon and after listing, have at least 1,000 Public Shareholders each owning at least 50 shares of any class of shares, and who, in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT. Failure to maintain the public ownership requirement will result to the imposition of a trading suspension for a period not more than six months. If the REIT still fails to comply with the public ownership requirement within the six-month period, it will be automatically delisted.

SCRIPLESS SHARES

The Revised REIT IRR provides that all the shares of a REIT shall be in uncertificated form. The REIT is required to engage a duly licenses transfer agent to monitor subsequent transfer of the shares. The transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors for their own benefit and not for the benefit of any non-Public Shareholders. The REIT shall make the necessary arrangement with a central securities depository on the recording of its shareholders under a Name-On Central Depository arrangement.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in our Company. The following discussion is based upon laws, regulations, rulings, income tax treaties, administrative practices and judicial decisions in effect at the date of this REIT Plan and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences 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 be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information 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 consequences in light of particular situations of acquiring, owning, holding and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF 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; a "resident foreign corporation" is a non-Philippine corporation engaged in trade or business in the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business in the Philippines. The term "non-resident holder" means a holder of the Shares:

- *who is an individual and is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

PHILIPPINE TAXATION

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax. On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "**CREATE Law**") was signed into law. The CREATE Law amended various provisions of the Tax Code covering corporate income tax.

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 Tax Code on the initial public offering ("**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 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.

Section 13(iv) of the REIT Law exempts any initial public offering of REIT from IPO tax.

Corporate Income Tax

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32(A) of the Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction ("**OSD**") equivalent to an amount not exceeding 40% of the corporation's gross income.

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 03-2020 and by the CREATE Law, a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25%, as provided under Section 27(A) of the Tax Code, on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the articles of incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its Distributable Income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

Passive income of a domestic corporation 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.

Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 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. After June 30, 2023, the rate of minimum corporate income tax shall be 2% of the gross income as of the end of the taxable year.

Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

SALE, EXCHANGE OR DISPOSITION OF SHARES AFTER THE IPO

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. A value-added tax ("**VAT**") of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange, or disposition through the PSE, and is generally passed on to the client, the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public of the listed companies issued and outstanding shares at all times.

Under the REIT Law and the Revised REIT IRR, a REIT must be a public company, and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or be subject to 33.33% MPO.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Tax Code). Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. Revenue Regulations No. 16-2012 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Capital Gains Tax, if the Sale Was Made Outside the PSE

Pursuant to the TRAIN Law and CREATE Law, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, a domestic corporation (other than a dealer in securities), a resident foreign corporation, or a non-resident foreign corporation during each taxable year from the sale, exchange, or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code; provided, however, that a sale, exchange, or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.)

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**"), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

Tax on Dividends

In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty in force between the Philippines and the country of domicile of the non-resident holder.

Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR has issued Revenue Memorandum Order No. 14-2021 ("**RMO No. 14-2021**") to streamline the procedures and documents for the availment of treaty benefits covering all items of income, including dividends, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty. Under this regulation, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division ("**ITAD**") of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a tax treaty relief application ("**TTRA**") with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident 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 may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident's entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD.

Transfer taxes (e.g., VAT on deemed sale, 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.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%)(9)	Capital gains tax due on disposition of shares outside the PSE (%)
Canada	25(1)	0.6	May be exempt(13)
China	15(2)	Exempt(10)	May be exempt(13)
France	15(3)	Exempt(11)	May be exempt(13)
Germany	15(4)	Exempt(12)	May be exempt(13)
Japan	15(5)	0.6	May be exempt(13)
Singapore	25(6)	0.6	May be exempt(13)
United Kingdom	25(7)	0.6	Exempt(14)
United States	25(8)	0.6	May be exempt(13)

Notes:

(1) 15% if the 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 beneficial owner is a company which 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% 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 months immediately preceding the date of payment of the dividends; 15% in all other cases.

(6) 15% if during the part of the taxable year of the paying company 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 shares of the paying company were owned by the recipient company; 25% in all other cases.

(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares 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 Tax Code as amended by the Section 39 of the TRAIN.

(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 shares 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.

Documentary Stamp Tax

The original issue of shares is subject to a documentary stamp tax ("**DST**") of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares outside the PSE is subject to DST at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting, or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

However, the sale, barter, or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

Estate and Donor's Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident or donor outside the Philippines, is subject to Philippine estate tax or donor's tax.

The transfer of shares of stock 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, shall be subject to an estate tax which is levied on the net estate of the deceased at the rate of 6%. An investor shall be subject to donor's tax at the rate of 6% based on the total net gifts (such as shares of stock) in excess of ₱250,000.00 made during a calendar year, regardless of the relationship (by blood or by affinity) between the donor and the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock:

(1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer

tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or

(2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Shares exceeded the value of the consideration may be deemed a gift, and a donor's tax may be imposed on the transferor of the Shares, based on Section 100 of the Tax Code; provided, that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent) will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any 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 donor's tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This REIT Plan does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

PLAN OF DISTRIBUTION

2,340,004,800 of the Firm Shares, or 70% of the Firm Shares, are (subject to re-allocation as described below) being offered for sale (i) outside the United States by the Lead International Bookrunner and the International Bookrunners in offshore transactions in reliance on Regulation S of the Securities Act,(ii) within the United States through the Lead International Bookrunner and the International Bookrunners' U.S. registered broker-dealer affiliates to U.S. QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified buyers and other investors in the Philippines by the Lead Local Underwriter and the Local Underwriters (the "**Institutional Offer**").

1,002,859,200 Firm Shares (the "**Trading Participants and Retail Offer Shares**"), or 30% of the Firm Shares, are being offered by the Lead Local Underwriter, Local Underwriters and Participating Underwriter at the Offer Price to all of the Eligible PSE Trading Participants and LSIs in the Philippines (the "**Trading Participants and Retail Offer**") subject to final allocation, which shall be consistent with the applicable rules, as may be determined by the Joint Global Coordinators. The allocation of the Firm Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as agreed between the Company and the Joint Global Coordinators.

The Offer Shares are existing Shares offered by the Selling Shareholder pursuant to a secondary offer and our Company will not receive any proceeds from the sale by the Selling Shareholder.

The Joint Global Coordinators, International Bookrunners, Local Underwriters and Participating Underwriter will underwrite, on a firm commitment basis, the Firm Shares. There is no arrangement for the Lead Local Underwriter or the Lead International Bookrunner and the International Bookrunners to return any of the Trading Participants and Retail Offer Shares or the Institutional Offer Shares to our Company or the Selling Shareholder.

ROLES AND RESPONSIBILITIES OF THE JOINT GLOBAL COORDINATORS, THE LEAD INTERNATIONAL BOOKRUNNER AND THE INTERNATIONAL BOOKRUNNERS, THE LEAD LOCAL UNDERWRITER, THE LOCAL UNDERWRITERS AND PARTICIPATING UNDERWRITER

The Joint Global Coordinators are responsible for the coordination of the various execution workstreams relating to the Offer.

The Joint Global Coordinators and the Lead International Bookrunner and the International Bookrunners are assisting the Company and the Selling Shareholder in the book-building process, which includes marketing and allocation of the Offer to potential investors as described in this Plan of Distribution. None of the activities of the Lead International Bookrunner and the International Bookrunners themselves have been or will be conducted in the Philippines, or would constitute licensable activities in the Philippines. In the case of the Lead Local Underwriter and the Local Underwriters, which include BPI Capital, China Bank Capital, First Metro, and PNB Capital, the potential investors will be based in the Philippines.

The Participating Underwriter has undertaken to underwrite a portion of the Trading Participants and Retail Offer on a firm commitment basis.

THE TRADING PARTICIPANTS AND RETAIL OFFER

The Trading Participants and Retail Offer Shares shall initially be offered by the Lead Local Underwriter, Local Underwriters and Participating Underwriter to all of the Eligible PSE Trading Participants and LSIs in the Philippines. 668,572,800 Firm Shares, or about 20% of the Firm Offer, shall be allocated among the Eligible PSE Trading Participants. Each Eligible PSE Trading Participant shall initially be allocated 5,435,500 Shares (computed by dividing the Trading Participants and Retail Offer Shares allocated to the Eligible PSE Trading Participants between 123 Eligible PSE Trading Participants) and subject to reallocation as may be determined by the Lead Local Underwriter. The balance of 6,300 Firm Shares shall be allocated by the Lead Local Underwriter to the Eligible PSE Trading Participants. In addition, 334,286,400 Firm Shares, or 10% of the Firm Offer, shall be made available nationwide to the LSIs through PSE EASy. Upon closing of the Trading Participants and Retail Offer, any allocation of Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants and the LSIs shall be subject to reallocation to the Institutional Offer at the discretion of the Joint Global Coordinators. Any Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants or the LSIs or which were the subject of Applications which have been rejected or for which payment eventually did not clear due to insufficient funds and which are not reallocated to the Institutional Offer or taken up by the clients of the Lead Local Underwriter, Local Underwriters and Participating Underwriter, or the general public as of Closing Date, shall be irrevocably purchased by the Lead Local Underwriter, Local Underwriters and Participating Underwriter pursuant to the terms and conditions of the Domestic Underwriting Agreement.

Lead International Bookrunner and International Bookrunners

UBS

UBS AG provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. UBS is the largest truly global wealth manager, and a leading personal and corporate bank in Switzerland, with a large-scale and diversified global asset manager and a focused investment bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

Headquartered in Zurich, Switzerland, UBS has offices in over 50 regions and locations, including all major financial centers, and employs over 68,000 people around the world. UBS Group AG is the holding company of the UBS Group. Under Swiss company law, UBS Group AG is organized as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

BofA Securities

Merrill Lynch (Singapore) Pte. Ltd. is a wholly owned subsidiary of Bank of America Corporation and incorporated under the laws of Singapore. Bank of America Corporation and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and strategic advisory services and other commercial services and products.

CLSA

CLSA, CITIC Securities' international platform, provides global investors and corporates with insights, liquidity and capital to drive their growth strategies. Award-winning research, an extensive Asia footprint, direct links to China and highly experienced finance professionals differentiate its innovative products and services in asset management, corporate finance, equity and debt capital markets, securities and wealth management.

Lead Local Underwriter, Local Underwriters and Participating Underwriter

To facilitate the Trading Participants and Retail Offer, our Company and the Selling Shareholder have appointed BPI Capital to act as a Joint Global Coordinator and the Lead Local Underwriter, China Bank Capital, First Metro, and PNB Capital to act as Local Underwriters, and SB Capital to act as a Participating Underwriter. The Company, the Selling Shareholder, the Lead Local Underwriter, Local Underwriters and Participating Underwriter have entered into a Domestic Underwriting Agreement dated August 20, 2021 (the "**Domestic Underwriting Agreement**"), whereby the Lead Local Underwriter, Local Underwriters and Participating Underwriter agree to underwrite on a firm commitment basis, a number of Firm Shares equivalent to the Trading Participants and Retail Offer Shares, subject to agreement between the Joint Global Coordinators on any clawback, clawforward or other such mechanism relating to the reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

The Lead Local Underwriter, Local Underwriters and Participating Underwriter have undertaken to underwrite on a firm commitment basis, the portion of Trading Participants and Retail Offer Shares opposite its name indicated in the following table, subject to agreement between the Joint Global Coordinators on any clawback, clawforward or other such mechanism relating to reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer. The underwriting commitment of the Lead Local Underwriter, Local Underwriters and Participating Underwriter will not extend to the Option Shares, which are being issued for the purpose of price stabilization. This is consistent with the standard practice and precedents for initial public offerings.

	Number Trading Participants and Retail Offer Shares
BPI Capital Corporation	668,572,900
China Bank Capital Corporation	100,285,900
First Metro Investment Corporation	100,285,900
PNB Capital and Investment Corporation	100,285,900
SB Capital Investment Corporation	33,428,600
Total	**1,002,859,200**

The foregoing table does not reflect the exercise of the Over-allotment Option that may or may not be exercised by the Stabilizing Agent to purchase up to 305,103,000 Option Shares.

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned Subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of March 31, 2021, its total assets amounted to ₱4.0 billion and its capital base amounted to ₱3.9 billion. It has an authorized capital stock of ₱1.0 billion of which approximately ₱506.4 million represents its paid-up capital.

The table below sets out the breakdown of the underwriting fees the Lead Local Underwriter, Local Underwriters and Participating Underwriter will receive.

			Amounts	
	Firm Shares (₱ millions)	% of Total Underwriting Fees	Firm Shares and Option Shares (assuming full exercise of Overallotment Option) (₱ millions)	% of Total Underwriting Fees
BPI Capital Corporation	112.1	80.6%	122.4	80.6%
China Bank Capital Corporation	8.1	5.8%	8.8	5.8%
First Metro Investment Corporation	8.1	5.8%	8.8	5.8%
PNB Capital and Investment Corporation	8.1	5.8%	8.8	5.8%
SB Capital Investment Corporation	2.7	1.9%	2.9	1.9%
Total	**139.1**	**100.0%**	**151.7**	**100.0%**

The underwriting fees of the Lead Local Underwriter, Local Underwriters and Participating Underwriter are based on the Offer Price of the Offer Shares and are subject to agreement between the Joint Global Coordinators on any clawback, clawforward or other such mechanism.

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

First Metro is a leading investment bank in the Philippines with fifty-six (56) years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country, and is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has earned a solid reputation for its creativity, innovation, and timely execution. It has proven its ability to create value and opportunities as well as provide solutions that are pioneering, game changing, and responsive to the needs of both issuers and investors.

PNB Capital, a wholly owned subsidiary of the Philippine National Bank ("**PNB**"), offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

SB Capital is a Philippine corporation organized in October 1995 as wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the Philippine SEC to engage in underwriting and and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privitizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

The Lead Local Underwriter, the Local Underwriters, the Participating Underwriter and their affiliates have no direct relations with our Company in terms of ownership by either of their respective major stockholder. The Lead Local Underwriter, the Local Underwriters, the Participating Underwriter and their respective affiliates have engaged in transactions with, and have performed various investment banking activities for our Company's affiliates in the past and may do so for the Company, the Selling Shareholder and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by the Lead Local Underwriter,the Local Underwriters and the Participating Underwriter, including in connection with the Offer, have been provided as an independent contractor and not as fiduciary to our Company or the Selling Shareholder. The Lead Local Underwriter, the Local Underwriters, and the Participating Underwriter does not have any right to designate or nominate a member of the Board. Other than as the Lead Local Underwriter, Local Underwriters and the Participating Underwriter for the Offer, they do not have any material relationship with our Company and the Selling Shareholder.

On or before September 3, 2021, the Eligible PSE Trading Participants shall submit to the designated representatives of the Receiving Agent their respective firm orders and commitments to purchase Trading Participants and Retail Offer Shares. Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants and LSIs may be reallocated to the Institutional Offer at the discretion of the Lead Local Underwriter.

With respect to the LSIs, all applications to purchase or subscribe for the Trading Participant and Retail Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. An application to purchase the Trading Participant and Retail Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Receiving Agent. Payment for the Trading Participant and Retail Offer Shares may be made in full and in cash following the payment instructions generated through PSE EASy. LSI applicants may check the status of their subscription applications through their PSE EASy investor accounts.

Eligible PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of 1.0%, inclusive of VAT (the "**TP Selling Fee**"), of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant Eligible PSE Trading Participant. The TP Selling Fee, less the applicable withholding tax, will be paid by the Receiving Agent to the Eligible PSE Trading Participants within 10 banking days from the Listing Date.

The underwriting fees amount to approximately ₱352.9 million or about 1.50% of the gross proceeds from the Offer Shares, assuming full exercise of the Overallotment Option. The underwriting fee is exclusive of the amounts to be paid to the Eligible PSE Trading Participants, where applicable. The underwriting fees shall be withheld by the Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwerwriters and Participating Underwriter from the proceeds of the Firm Offer.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the Eligible PSE Trading Participants and LSIs in scripless form. As required under the PSE Amended Listing

Rules for REITs, all of the shares of stock of the Company shall be issued in the form of uncertified securities and a shareholder may not require the Company to issue a certificate in respect of any share recorded in their name.

THE INSTITUTIONAL OFFER

The Institutional Offer Shares will be offered for sale (i) outside the United States by the Lead International Bookrunner and the International Bookrunners in offshore transactions in reliance on Regulation S of the U.S. Securities Act, (ii) within the United States through the Lead International Bookrunner and the International Bookrunners' U.S. registered broker-dealer affiliates to U.S. QIBs in reliance on Rule 144A under the U.S. Securities Act, and (iii) to certain qualified institutional buyers and other investors in the Philippines, by the Lead Local Underwriter and the Local Underwriters.

The allocation of the Firm Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as may be determined between the Company and the Joint Global Coordinators. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Institutional Offer Shares may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Trading Participants and Retail Offer Shares may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Global Coordinators and the Lead International Bookrunner and the International Bookrunners, the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer, on one hand, and the Institutional offer, on the other hand.

The international purchase agreement dated August 20, 2021 (the "**International Purchase Agreement**"), entered into among our Company, the Selling Shareholder and the Lead International Bookrunner and the International Bookrunners, is subject to certain conditions and may be subject to termination by the Lead International Bookrunner and the International Bookrunners if certain circumstances, including force majeure, occur on or before the Listing Date.

Under the terms and conditions of the International Purchase Agreement, the Lead International Bookrunner and the International Bookrunners have agreed to procure purchasers for or failing which, to purchase Institutional Offer Shares subject to agreement between the Joint Global Coordinators on any clawback, clawforward or other such mechanism relating to reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

The Joint Global Coordinators, Lead International Bookrunner and the International Bookrunners have undertaken to underwrite on a firm commitment basis, the portion of Institutional Offer Shares opposite its name indicated in the following table, subject to agreement between the Joint Global Coordinators on any clawback, clawforward or other such mechanism relating to reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

	Number Institutional Offer Shares
BPI Capital Corporation	454,629,500
UBS	1,684,803,500
BofA Securities	100,285,900
CLSA	100,285,900
Total	**2,340,004,800**

The foregoing tables do not reflect the exercise of the Overallotment Option that may or may not be exercised by the Stabilizing Agent to purchase up to 305,103,000 additional Shares.

The Lead International Bookrunner and the International Bookrunners and their Affiliates has engaged in transactions with, and has performed various investment banking, commercial banking, and other services for, our Company in the past, and may do so for our Company, the Selling Shareholder, and their respective Subsidiaries and Affiliates from time to time in the future. However, all services provided by the Joint Global Coordinators, the Lead International Bookrunner and the International Bookrunners, the Lead Local Underwriter and the Local Underwriters, including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to our Company or the Selling Shareholder. The Lead International Bookrunner and the International Bookrunners do not have any right to designate or nominate a member of the Board. The Lead International Bookrunner and the International Bookrunners have no direct relationship with our Company in terms of share ownership and, other than as Lead International Bookrunner and the International Bookrunners for the Offer, do not have any material relationship with our Company.

Investors in the international Institutional Offer will be required to pay, in addition to the Offer Price, a brokerage fee of up to 1.00% of the Offer Price.

There were no cornerstone investors and the Company did not enter into any cornerstone investment agreements in connection with the Institutional Offer.

INDEMNITY

Each of the Domestic Underwriting Agreement and the International Purchase Agreement provides that our Company and the Selling Shareholder will indemnify the Lead Local Underwriter, the Local Underwriters and the Participating Underwriter and the Lead International Bookrunner and the International Bookrunners, respectively, against certain liabilities, including under the U.S. Securities Act.

THE OVERALLOTMENT OPTION

In connection with the Offer, subject to the approval of the SEC, the Selling Shareholder, and our Company have granted the Stabilizing Agent an Overallotment Option, exercisable in whole or in part to purchase the Option Shares on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. In connection therewith, the Selling Shareholder and our Company have entered into a greenshoe agreement with the Stabilizing Agent to, among other things, utilize up to 305,103,000 additional Shares to cover overallotments under the Institutional Offer. The Option Shares may be overallotted and the Stabilizing Agent may affect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than 30 days from and including the Listing Date. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price. The initial stabilizing action of the Stabilizing Agent shall be at a price below the Offer Price. The price for subsequent stabilizing activities shall be determined as follows: (i) after the initial stabilizing action, and if there has not been an independent trade in the market at a higher price than the initial stabilizing trade, the subsequent trade shall be below the initial stabilizing price; and (ii) after the initial stabilizing action, and if there has been an independent trade in the market at a higher price than the initial stabilizing trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price. In this context, "independent trade" means any trade made by any person other than the Stabilizing Agent.

Such activities may stabilize, maintain, or otherwise affect the market price of the Shares, which may have the effect of preventing a decline in the market price of the Shares and may also cause the price of the Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. However, there is no assurance that the Stabilizing Agent will undertake stabilization activities. If the Stabilizing Agent commences any of these transactions, it may discontinue them at any time. After the 30-day period following the Listing Date, the Stabilizing Agent shall transfer to the Selling Shareholder cash or Shares, depending on whether or not stabilization activities were conducted during the said 30-day period.

In respect of the stabilization activities that may be conducted by the Stabilizing Agent:

1. in the event that the Stabilizing Agent fully exercises the Overallotment Option because no price stabilization activity was conducted during the Option Period, the Stabilizing Agent shall purchase the Option Shares at the Offer Price and shall deliver to the Selling Shareholder the purchase price for such Option Shares;

2. in the event that the Stabilizing Agent exercises the Overallotment Option only in part because of partial price stabilization activities conducted during the Option Period, the Stabilizing Agent shall (a) purchase the corresponding Option Shares at the Offer Price and shall deliver to the Selling Shareholder the purchase price for such Option Shares, and (b) redeliver, or procure the redelivery of, securities of an identical type, par value and description as the Option Shares in such number as equal to the total number of Option Shares less the number of Option Shares purchased pursuant to the partial exercise of the Overallotment Option; and

3. in the event that the Stabilizing Agent does not exercise the Overallotment Option because of full price stabilization activities conducted during the Option Period, the Stabilizing Agent shall redeliver, or procure the redelivery of, securities of an identical type, par value and description as the Option Shares, in such number as equal to the total number of Option Shares.

To the extent the Overallotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to RLC, and the corresponding filing fee for the Overallotment Option shall be forfeited.

SELLING RESTRICTIONS

The distribution of this REIT Plan or any offering material and the offer, sale or delivery of the Offer Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this REIT Plan or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This REIT Plan may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

Philippines

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

NAME-ON CENTRAL DEPOSITORY ARRANGEMENT

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. Further, the REIT shall engage the services of a duly licensed transfer agent to monitor subsequent transfers of the shares. Such transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The PSE Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders.

In this regard, our Company, together with the Lead Local Underwriter, Local Underwriters and the Participating Underwriter, are making the necessary arrangements with the PDTC as central securities depository on the recording of the Company's shareholders under a Name-On Central Depository arrangement.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles, our legal counsel, and Angara Abello Concepcion Regala & Cruz Law Offices, legal counsel to the Joint Global Coordinators, Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and Participating Underwriter. Certain legal matters as to United States federal law will be passed upon by Latham & Watkins LLP, our legal counsel, and Allen & Overy LLP, legal counsel to the Joint Global Coordinators, Lead International Bookrunner, the International Bookrunners, the Lead Local Underwriter, the Local Underwriters and Participating Underwriter.

Each of the foregoing legal counsel has neither shareholdings nor any right, whether legally enforceable or not, to nominate persons or to subscribe for our securities. None of the legal counsel will receive any direct or indirect interest in any of our securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT AUDITORS AND OTHER EXPERTS

Independent Auditors

SyCip Gorres Velayo & Co. ("**SGV & Co.**"), a member firm of Ernst & Young Global Limited, independent auditors, (i) audited the combined carve-out financial statements as of and for the years ended December 31, 2020, 2019, 2018 and 2017 and as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020, which were prepared in compliance with PFRS; (ii) audited the statutory financial statements of RLC REIT (formerly Robinsons Realty and Management Corporation) as of and for the years ended December 31, 2020, 2019, 2018 and 2017 and as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021; (iii) and examined our Company's pro forma condensed financial information as of and for the year ended December 31, 2020 and as of June 30, 2021 and for the six months ended June 30, 2021 and year ended December 31. 2020 included in this REIT Plan in accordance with Philippine Standard on Assurance Engagements ("**PSAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*.

The financial information for such periods used in this REIT Plan is extracted from the above financial statements included in this REIT Plan, which have been prepared in accordance with PFRS. SGV & Co. has agreed to the inclusion of its reports in this REIT Plan.

SGV & Co. has acted as the Company's external auditor since incorporation. Michael C. Sabado is the current audit partner for the Company and has served as such since March 2021. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period.

SGV & Co., has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees paid to SGV & Co for professional services rendered in respect of the audit of our historical financial statements, excluding out-of-pocket expenses incidental to such services and excluding fees directly related to the Offer:

	Year ended December 31,		
	2018	**2019**	**2020**
Audit and Audit Related Fees (in ₱ millions)	4.4	5.1	8.0

As of the date of this REIT Plan, a total of ₱10.0 million, inclusive of out-of-pocket expenses and VAT, have been paid to SGV & Co. for professional services directly related to the Offer. See "*Board of Directors and Management—Board Committees—Audit Committee*" for a discussion on the Audit Committee's approval policy for fees charged by the external auditor.

Property Valuer

Santos Knight Frank, Inc. ("**SKF**") was responsible for preparing the valuation reports of the Properties as of June 30, 2021, which are attached to this REIT Plan as Annex C (*Independent Property Valuation Reports*). The professional fees billed by SKF for such engagement amounted to ₱3.1 million, inclusive of out-of-pocket expenses and excluding VAT.

SKF is a Philippine corporation with the Philppine SEC Registration Number A199818549. SKF is also an SEC-accredited asset valuer. The certifying officer of SKF for the Valuation Reports attached to this REIT Plan is Wenceslao D. Fuentes, Jr, who is a professional appraiser duly licensed by the Professional Regulation Board.

Below are the directors and officers of SKF:

Name	Position
Frederick M. Santos	Chairman & President
Jasmin Caro-Piedad	Treasurer
Danilo Enrique O. Co	Director & Corporate Secretary
Grace B. Go	Director
Celia N. Rocamora	Asst. Corporate Secretary
Elmer S. Sallador	Director

To the best of our knowledge, none of SKF or any of its directors or officers have been the subject of any adverse judgment from any administrative, civil, or criminal case involving SKF's appraisal business. SKF ensures that its opinion and valuation is independent of and unaffected by its business or commercial relationship with other persons. To the best of our knowledge, the directors and principal officers of SKF comply with the Fit and Proper Rule of the Philippine SEC for a REIT. Further, to the best of our knowledge, SKF is solvent and in sound financial condition.

Independent Market Research Consultant

Jones Lang LaSalle (Philippines) ("**JLL**"), an independent market research consultant, was responsible for preparing the draft industry report entitled "Office Market Study in the Philippines" and dated as of May, 2021, which is attached to this REIT Plan as Annex B (*JLL Report: Office Market Study in the Philippines*). JLL is a leader in global real estate services. It provides a total real estate solution to both local and multinational corporations across all sectors worldwide. The professional fees billed by JLL for such work amounted to approximately ₱1.4 million.

There is no arrangement that any expert will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

INDEX TO FINANCIAL STATEMENTS

ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

July 12, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of **Robinsons Realty and Management Corporation** (the Company) is responsible for the preparation and fair presentation of the interim combined carve-out financial statements including the schedules attached therein as of June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020 covering the twelve (12) office assets to be transferred to the Company, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the combined carve-out financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the combined carve-out financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

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PAGE# 10
BOOK# 38
SERIES OF 2021

SUBSCRIBED AND SWORN TO BEFORE ME this JUL 16 2021 QUEZON CITY Philippine affiant exhibited to me his/her valid ID No. ______ issued on ______ at ______

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 – 1-2-2020/ QC
IBP No. 093586 – 10-22-2019/ QC
Roll No. 30457 – 05-09-80
MCLE VI – 0030379
Adm. Matter No NP-001(2020-2021)
TIN No. 131-942-754

Signed this ______ day of ______

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

Opinion

We have audited the interim combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties), which comprise the interim combined carve-out statements of financial position as at June 30, 2021 and December 31, 2020, and the interim combined carve-out statements of comprehensive income, interim combined carve-out statements of changes in equity and interim combined carve-out statements of cash flows for the six months ended June 30, 2021 and 2020, and notes to the interim combined carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim combined carve-out financial statements present fairly, in all material respects, the financial position of the Assigned Properties as at June 30, 2021 and December 31, 2020, and their financial performance and their cash flows for the six months ended June 30, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Combined Carve-out Financial Statements* section of our report. We are independent of the Assigned Properties in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the interim combined carve-out financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Interim Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the interim combined carve-out financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of interim combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Assigned Properties' financial reporting process

Auditor's Responsibilities for the Audit of the Interim Combined Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim combined carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim combined carve-out financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim combined carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Assigned Properties' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assigned Properties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim combined carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Assigned Properties to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim combined carve-out financial statements, including the disclosures, and whether the interim combined carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

RLC REIT PROPERTIES
INTERIM COMBINED CARVE-OUT STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash (Notes 5 and 20)	**₱94,405**	₱70,000
Receivables (Notes 6, 13, 18 and 20)	**1,189,850,471**	1,203,245,400
Other current assets (Note 7)	**38,899,557**	44,902,632
Total Current Assets	**1,228,844,433**	1,248,218,032
Noncurrent Assets		
Investment properties (Note 8)	**8,749,274,801**	9,020,605,155
Property and equipment (Note 9)	**1,194,500**	1,529,035
Right-of-use asset (Note 18)	**402,031,120**	412,694,607
Other noncurrent assets (Note 7)	**41,591,061**	46,161,941
Total Noncurrent Assets	**9,194,091,482**	9,480,990,738
	₱10,422,935,915	₱10,729,208,770
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 10 and 20)	**₱299,461,561**	₱470,505,931
Deposits and other current liabilities (Notes 11 and 20)	**255,884,683**	237,082,293
Income tax payable	**219,441,414**	584,696,929
Total Current Liabilities	**774,787,658**	1,292,285,153
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 19)	**446,286,653**	555,739,050
Lease liability (Note 18)	**136,295,150**	130,893,199
Deposits and other noncurrent liabilities (Notes 11 and 20)	**782,111,873**	791,538,039
Total Noncurrent Liabilities	**1,364,693,676**	1,478,170,288
Total Liabilities	**2,139,481,334**	2,770,455,441
Stockholders' Equity		
Invested equity (Note 12)	**8,283,454,581**	7,958,753,329
	₱10,422,935,915	₱10,729,208,770

See accompanying Notes to Interim Combined Carve-out Financial Statements.

RLC REIT PROPERTIES

INTERIM COMBINED CARVE-OUT STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2021	2020
REVENUE		
Rental income (Notes 8, 13, 14 and 18)	**₱1,580,761,202**	₱1,478,815,946
Income from dues (Notes 3 and 14)	**295,425,357**	280,381,400
Income from dues - net (Notes 3 and 15)	**29,174,854**	38,177,106
	1,905,361,413	1,797,374,452
Other income (Notes 3 and 16)	**4,410,979**	5,963,192
	1,909,772,392	1,803,337,644
COSTS AND EXPENSES		
Direct operating expenses (Notes 3 and 17)	**442,638,100**	417,595,444
General and administrative expenses (Note 17)	**114,416,703**	111,588,666
Interest expense (Note 18)	**5,401,951**	5,007,028
	562,456,754	534,191,138
INCOME BEFORE INCOME TAX	**1,347,315,638**	1,269,146,506
PROVISION FOR INCOME TAX (Note 19)	**164,296,103**	369,314,440
NET INCOME	**1,183,019,535**	899,832,066
OTHER COMPREHENSIVE INCOME (Note 2)	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱1,183,019,535**	₱899,832,066

See accompanying Notes to Interim Combined Carve-out Financial Statements.

RLC REIT PROPERTIES

INTERIM COMBINED CARVE-OUT STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Six Months Ended June 30	
	2021	2020
STOCKHOLDERS' EQUITY (Note 12)		
Invested Equity		
Balance at beginning of period	**₱7,958,753,329**	₱8,243,160,821
Distributions of invested equity	**(858,318,283)**	(731,126,591)
Total comprehensive income	**1,183,019,535**	899,832,066
Balance at end of period	**₱8,283,454,581**	₱8,411,866,296

See accompanying Notes to Interim Combined Carve-out Financial Statements.

RLC REIT PROPERTIES
INTERIM COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,347,315,638**	₱1,269,146,506
Adjustments for:		
Depreciation (Notes 8, 9, 17 and 18)	**285,294,414**	284,395,184
Interest expense (Note 18)	**5,401,951**	5,007,028
Operating income before working capital changes	**1,638,012,003**	1,558,548,718
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables (Note 6)	**13,394,929**	(374,306,769)
Other current assets (Note 7)	**6,003,075**	6,080,758
Increase (decrease) in:		
Accounts payable and accrued expenses (Note 10)	**(171,044,370)**	93,491,740
Deposits and other liabilities (Note 11)	**9,376,224**	(34,691,453)
Cash generated from operations	**1,495,741,861**	1,249,122,994
Income tax paid	**(639,004,015)**	(496,667,077)
Net cash flows provided by operating activities	**856,737,846**	752,455,917
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for additions to:		
Investment properties (Notes 8 and 23)	**(2,963,091)**	(19,077,927)
Property and equipment (Note 9)	**(2,947)**	(1,839,103)
Decrease (increase) in other noncurrent assets	**4,570,880**	(422,296)
Net cash flows provided by (used in) investing activities	**1,604,842**	(21,339,326)
CASH FLOWS FROM FINANCING ACTIVITY		
Distribution of invested equity	**(858,318,283)**	(731,126,591)
NET INCREASE (DECREASE) IN CASH	**24,405**	(10,000)
CASH AT BEGINNING OF PERIOD	**70,000**	80,000
CASH AT END OF PERIOD (Note 5)	**₱94,405**	₱70,000

See accompanying Notes to Interim Combined Carve-out Financial Statements.

1. **Corporate Information**

Robinsons Realty and Management Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease or otherwise, and to own, develop, sell, mortgage, lease, and hold for investment or otherwise, real estate of all kinds. It is a wholly owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

On April 15, 2021, the Board of Directors and stockholders of the Company approved the amendments to the Company's Articles of Incorporation resulting to the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ('the REIT Act'), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Further, a Comprehensive Deed of Assignment was executed between the Company and RLC on April 15, 2021 for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap).

The amendments to the Company's Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

The Assigned Properties consists of : (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1 (the Buildings); and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center (Condominium Units).

Robinsons Cybergate 2 and Robinsons Cybergate 3 properties were not included in the Assigned Properties since these will not be transferred to the Company. The planned lease agreements between the Company and the Parent Company for these properties are not yet executed as of June 30, 2021.

Prior to approval and effectivity of the Property-for-Share Swap, the accompanying interim combined carve-out financial statements have been prepared to provide the historical financial position and performance and cash flows of the Assigned Properties as of June 30 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020. They were authorized for issue by the BOD on July 12, 2021.

2. Basis of Preparation

The accompanying interim combined carve-out financial statements have been prepared by separating the historical financial information of the Assigned Properties subject of the Property-for-Share Swap from the Parent Company's historical financial information. Furthermore, these interim combined carve-out financial statements provide comparative information in respect of the previous periods.

The Company also prepared statutory financial statements for all the periods shown in this interim combined carve-out financial statement which can be obtained from its registered address. The statutory financial information of the Company, as separate legal entity, is different from the financial information of the Assigned Properties which is the subject of the accompanying interim combined carve-out financial statements.

Until the Property-for-Share Swap is approved by the SEC, said financial information shall remain to be presented as a part of the Parent Company's consolidated financial statements and not in the stand-alone financial statements of the Company.

These interim combined carve-out financial statements have been prepared on a going concern basis under the historical cost convention. Amounts are presented in Philippine Peso (₱), the Assigned Properties' functional currency. Unless otherwise indicated, all amounts are rounded to the nearest Peso.

The accompanying interim combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC.

PFRSs do not include specific guidance for preparation of interim combined and carved out financial statements. The principles used in the preparation of interim combined carved out financial statements of the Assigned Properties are as follows:

- The interim combined carve-out financial statements are based on historical income and expenses, assets, liabilities, equity and cash flows of the combining assets. Equity is determined by combining the historical accumulated earnings of the combining assets, adjusted for the effects of elimination of intra-company transactions among and within RLC. The individual financial information of each of the combining assets are prepared in accordance with PFRSs.

- The historical financial information of the combined assets was carved-out from the accounting systems and records of RLC given their distinct cost and profit center codes. The carved-out financial information presented herein reflects income and expenses, assets, liabilities and cash flows that have formed part of the combined assets' historical financial information. These include, among others, (i) working capital directly attributable and identifiable to the combined assets; (ii) third party debt and related expenses directly attributable to the real estate assets, if any, and (iii) income taxes in accordance with PAS 12 *Income Taxes*, as if the combining assets is a separate taxpayer.

None of RLC's external debts were allocated to the combined assets, and accordingly, none of RLC's debt and interest expense were allocated to the carved out financial information related to the combined assets.

- Each of the investment properties has neither formed part of any separate legal entities nor presented any stand-alone financial statements, and accordingly, it is not practicable to present share capital or an analysis of equity reserves. The net assets attributable to the combined assets, excluding the cumulative earnings, are represented by capital invested in assets and shown as 'Invested Equity' in the interim combined carve-out statements of financial position.

The accounting policies and method of computation adopted in the preparation of the interim combined carve-out financial statements are consistent with those followed in the preparation of the RLC's annual consolidated financial statements as at and for the year ended December 31, 2020 except for the new accounting policies adopted by the Company starting January 1, 2021 as disclosed in Note 3.

Basis of Combination
The interim combined carve-out financial statements comprise the financial information of the following Assigned Properties as of June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020.

Property	Location
Cyberscape Alpha (Alpha)	Sapphire and Garnet Roads, Pasig City
Cyberscape Beta (Beta)	Ruby and Topaz Roads, Pasig City
Tera Tower (Tera)	Bridgetowne, C5 Road, Quezon City
Cyber Sigma (Sigma)	Fort Bonifacio, Taguig City
Exxa-Zeta Tower	Bridgetowne, C5 Road, Quezon City
Robinsons Cybergate Cebu (Cybergate Cebu)	Fuente Osmena, Bo. Capitol, Cebu City
Robinsons Galleria Cebu (Galleria Cebu)	Gen. Maxilom Ave., Cebu City
Robinsons Place Luisita 1 (Luisita 1)	Luisita, Tarlac City
Cybergate Naga (Naga)	Roxas Ave., Naga City
Cybergate Delta 1 (Delta)	JP Laurel Ave., Davao City
Robinsons Equitable Tower (RET)	Cor., ADB and Poveda Streets, Pasig City
Robinsons Summit Center (RSC)	Ayala Ave., Makati City

The individual financial information of the combining assets, which were prepared for the same reporting period using their own set of accounting policies, are adjusted to the accounting policies of the RLC when interim combined financial statements are prepared. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full.

There are no other comprehensive income (OCI) items that have been included in the interim combined carve-out financial statements for the six months ended June 30, 2021 and 2020.

Statement of Compliance
The accompanying interim combined carve-out financial statements have been prepared in accordance with the recognition, measurement and presentation principles that are consistent with Philippine Financial Reporting Standards (PFRSs).

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

3. **Summary of Significant Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption the following new accounting pronouncements starting January 1, 2021. Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Assigned Properties' financial position or performance.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Assigned Properties shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

- PIC Q&A 2018-12, PFRS 15 – Accounting for Common Usage Service (CUSA) Charges

  The Assigned Properties adopted PIC Q&A 2018-12, PFRS 15 – Accounting for CUSA starting January 1, 2021 which concludes that real estate developers are generally acting as principal for CUSA. The impact of the adoption is applied retrospectively.

  As a result of the adoption, the Assigned Properties presented the revenue from CUSA and air-conditioning charges at gross amounts and the related costs as part of costs and expenses which were previously presented together on a net basis as part of revenues.

  The Assigned Properties assessed itself as principal on Buildings for CUSA and air-conditioning charges, as agent on Condominium Units for CUSA and air-conditioning charges, and as agent for electricity and water usage (see Note 4).

  Shown below is the detailed comparison between current and previous presentations of revenue and expense accounts related to CUSA, air-conditioning charges and utility charges.

	June 30, 2020 (Six Months)	
	Current presentation	Previous presentation
Revenue		
Income from dues	**₱280,381,400**	₱–
Income from dues - net	–	320,046,752
Income from dues - net	**38,177,106**	–

(Forward)

	June 30, 2020 (Six Months)	
	Current presentation	Previous presentation
Other income	**₱3,083,021**	₱–
Direct Operating Expenses		
Common usage area charges	**(1,594,775)**	–
	₱320,046,752	₱320,046,752

The adoption did not impact the interim combined carved-out statement of financial position and interim combined carved-out statement of cash flows as of December 31, 2020 and for the six months ended June 30, 2020, respectively.

Revenue and Cost Recognition

Income outside the scope of PFRS 15

Rental income
The Assigned Properties' investment properties are leased out to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Rental income is not recognized when the Assigned Properties waives its right to collect rent and other charges under a lease concession. This is recognized as a rent concession and reported as a variable payment in the Assigned Properties' interim combined carve-out statement of comprehensive income (see Note 14).

Income from dues
Income from dues are recognized when the CUSA and air-conditioning services are rendered. CUSA and air-conditioning charges are computed based on rates stated in the executed contract of lease multiplied by the gross leasable area occupied by the tenant.

Income from dues - net
Income from dues - net are recognized when the related services are rendered. CUSA and air-conditioning services in excess of actual charges and consumption are recorded as revenue. Income from dues is presented net of related costs and expenses.

Other income
Other income is recognized when the related services have been rendered and the right to receive payment is established.

Disaggregated revenue information
The non-lease component of the Assigned Properties' revenue arises from income from CUSA, air-conditioning dues and utilities. The Assigned Properties' performance obligations are to ensure that common areas are available for general use of its tenants and to provide for uninterrupted air-conditioning and utility services such as water and electricity (see Note 14).

Allocation of transaction price to performance obligation
Each of the non-lease component is considered a single performance obligation, therefore it is not necessary to allocate the transaction price. These services are capable of being distinct from the other services and the transaction price for each service is separately identified in the contract.

Timing of revenue recognition
Revenue from common area charges and utilities dues are recognized over time since the tenants simultaneously receives and consumes the services provided by the Assigned Properties. The Assigned Properties determined that the output method best represents the recognition pattern for revenue from utilities dues since this is recognized based on the actual consumption of the tenants.

Cost Recognition

Costs and General and Administrative Expense
Costs and expenses are recognized in the interim combined carve-out statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the interim combined carve-out statement of comprehensive income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the combined carve-out statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

The Assigned Properties recognizes common costs paid and allocated by the Ultimate Parent Company among the Assigned Properties' assets based on the proportion of each assets' total revenue contribution (see Note 13).

<u>Leases</u>

The Assigned Properties assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Assigned Properties obtains substantially all the economic benefits from the use of the asset, whether the Assigned Properties has the right to direct the use of the asset.

The Assigned Properties as Lessee

Except for short-term leases and leases of low-value assets, the Assigned Properties recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

Right-of-use asset
The Assigned Properties recognizes ROU asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of ROU asset includes the amount of lease liability recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Assigned Properties is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the remaining lease term of up to approximately 19 years.

ROU asset is subject to impairment. Refer to the accounting policies on Impairment of nonfinancial assets section.

Lease liability
At the commencement date of the lease, the Assigned Properties recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Assigned Properties and payments of penalties for terminating a lease, if the lease term reflected the Assigned Properties exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Assigned Properties uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases
The Assigned Properties applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The Assigned Properties as Lessor

Leases where the Assigned Properties does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the interim combined carve-out statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases where the Assigned Properties transfers substantially all the risk and benefits of ownership of the assets are classified as finance leases. The Assigned Properties recognizes assets held under a finance lease in its combined carve-out statement of financial position as a receivable at an amount equal to the net investment in the lease. The lease payments received from the lessee are treated as repayments of principal and finance income. Initial direct costs may include commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the lease. They are included in the measurement of the net investment in the lease at inception and reflected in the calculation of the implicit interest rate. The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Current and Noncurrent Classification
The Assigned Properties presents assets and liabilities in the interim combined carve-out statements of financial position based on a current and noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash
Cash includes cash on hand.

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Assigned Properties’ business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Assigned Properties’ has applied the practical expedient, the Assigned Properties initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Assigned Properties has applied the practical expedient are measured at its transaction price.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that passes the 'solely payments of principal and interest' on the principal amount outstanding (SPPI criterion). This assessment is referred to as the SPPI test and is performed at an instrument level.

The Assigned Properties' business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Assigned Properties commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) (FVOCI with recycling)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI with no recycling)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Assigned Properties. The Assigned Properties measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Assigned Properties' financial assets at amortized cost include cash in banks and receivables.

The Assigned Properties has no financial assets under FVOCI with or without recycling and FVTPL categories.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Assigned Properties' financial liabilities include accounts and other payables, security deposits and construction bonds.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to accounts and other payables, deposits and other liabilities.

Derecognition of Financial Instruments

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognized when (i.e., removed from the combined carve-out statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Assigned Properties has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Assigned Properties has transferred substantially all the risks and rewards of the asset, or (b) the Assigned Properties has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Assigned Properties has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Assigned Properties continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Assigned Properties also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Assigned Properties has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Assigned Properties could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Assigned Properties recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Assigned Properties expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Assigned Properties' policy is to measure ECLs on such instruments on a 12-month basis. However, were there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Assigned Properties uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables, the Assigned Properties applies a simplified approach in calculating ECLs. Therefore, the Assigned Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Assigned Properties has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Assigned Properties considers a financial asset in default when contractual payments are 90 days past due since security deposits are equivalent to 90 days which are paid at the start of the lease term which will cover any defaults. However, in certain cases, the Assigned Properties may also consider a financial asset to be in default when internal or external information indicates that the Assigned Properties is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Assigned Properties. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the combined carve-out statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Assigned Properties.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Assigned Properties uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the interim combined carve-out financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: - quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: - valuation techniques for which the lowest level input that it is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the interim combined carve-out financial statements on a recurring basis, the Assigned Properties determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Assigned Properties' external valuers, which valuation techniques and inputs to use for each case.

Customers' Deposits
Deposits from lessees
Deposits from lessees which includes security deposits that are initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the 'Deposits and other liabilities' in the combined carve-out statement of financial position) and amortized on a straight-line basis over the lease term.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the combined carve-out statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the combined carve-out statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of 'Other current assets' in the combined carve-out statements of financial position.

Input VAT
Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Assigned Properties can claim against future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services which are incurred and billings which has been received as of date. The input VAT can also be recovered as tax credit against future income tax liability of the Assigned Properties or refunded subject to the approval of the BIR. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Deferred input VAT
Deferred input VAT represents input VAT on purchase of capital goods exceeding ₱1 million. The related input VAT is recognized over five years or the useful life of the capital goods, whichever is shorter.

Prepaid expenses
Prepaid expenses pertain to resources controlled by the Assigned Properties as a result of past events and from which future economic benefits are expected to flow the Assigned Properties.

Other prepaid expenses are amortized as incurred.

Creditable withholding taxes
Creditable withholding taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and utilized as tax credits against income tax due.

<u>Investment Properties</u>
Investment properties – Leasehold improvements, Buildings and building improvements and Construction in progress

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Assigned Properties. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives (EUL) as follows:

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit and loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or disclosure purposes.

Fair Value Disclosure
The Assigned Properties discloses the fair values of its investment Assigned Properties in accordance with PAS 40. The Assigned Properties engages independent valuation specialist to assess the fair values. The Assigned Properties' investment properties consist of office properties. These are valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to the intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the construction of property and equipment to the extent incurred during the period of construction and installation.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life (EUL) as follows:

	Years
Furniture, fixtures & equipment	5
IT Equipment	5
Others	5

Assets under construction are transferred to a specific category of property and equipment when the construction and other related activities necessary to prepare the property and equipment for their intended use are completed and the property and equipment are available for service.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Impairment of Nonfinancial Assets

The Assigned Properties assesses at each reporting date whether there is an indication that the Assigned Properties' investment properties, right-of-use asset, property and equipment, other current assets and other noncurrent assets may be impaired. If any such indication exists, the Assigned Properties makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the combined carve-out statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Assigned Properties makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the interim combined carve-out statement of comprehensive income.

Stockholders' Equity

The stockholders' equity consists of the residual interest on the assets and liabilities from the combining properties and the accumulated net income for the six months ended June 30, 2021 and 2020.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Assigned Properties operates and generates taxable income.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered. The Assigned Properties does not recognize deferred income tax assets that will reverse during the income tax holiday (ITH).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Segment Reporting
The Assigned Properties' lease operation is its only segment. Financial information on business segment is presented in Note 22 to the interim combined carve-out financial statements.

Provisions
Provisions are recognized when the Assigned Properties has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Assigned Properties expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the interim combined carve-out financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the interim combined carve-out financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Assigned Properties' position at the reporting date (adjusting events) are reflected in the interim combined carve-out financial statements. Post year-end events that are not adjusting events are disclosed in the interim combined carve-out financial statements when material.

4. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the interim combined carve-out financial statements in compliance with PFRSs requires the Assigned Properties to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effects of any change in judgments and estimates are reflected in the interim combined carve-out financial statements, as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the interim combined carve-out financial statements.

Basis for preparing the interim combined carve-out financial statements.
In preparing the interim combined carve-out financial statements, management considers the following factors: (a) whether the assets to be combined are under common control for the full or a portion of the periods covered by the interim combined financial statements, (b) the purpose of the interim combined financial statements, and (c) the intended users of the interim combined financial statements.

Based on management judgment, the Assigned Properties can prepare interim combined carve-out financial statements because the assets to be combined are ultimately under common control by RLC during the periods presented and the interim combined financial statements will provide the historical interim combined financial position and performance and cash flows of the combining assets which are intended to be used by a wide range of users, including RLC's stockholders and the public, who cannot obtain the financial information through other means or do not have access to the internal information of RLC.

Principal versus agent considerations
The contract for the commercial spaces leased out by the Assigned Properties to its tenants includes the right to charge for the electricity usage, water usage, air-conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Assigned Properties determined that it is acting as an agent because the promise of the Assigned Properties to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Assigned Properties, are primarily responsible for the provisioning of the utilities while the Assigned Properties administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air conditioning of the Buildings, the Assigned Properties acts as a principal because it retains the right to direct the service provider of air conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the Assigned Properties has the discretion on how to price the CUSA and air conditioning charges.

For the provision of CUSA and air conditioning of the Condominium Units, the Assigned Properties acts as an agent because the promise of the Assigned Properties to the tenants is to arrange for the CUSA and air-conditioning services to be provided by the condominium corporations. The condominium corporations, and not the Assigned Properties, are primarily responsible for the provisioning of the CUSA and air-conditioning charges. The price is based on the actual rate charged by the condominium corporations plus a certain percentage mark-up as administration charges.

Operating lease commitments - The Assigned Properties as lessor
The Assigned Properties has entered into office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Assigned Properties has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Assigned Properties considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Assigned Properties' operating lease contracts are accounted for as noncancelable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Assigned Properties considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 18).

Recognition of deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable

income together with future tax planning strategies. Deferred tax assets as of June 30, 2021 and December 31, 2020 amounted to ₱71.33 million and ₱84.11 million, respectively (see Note 19).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Leases - Estimating the incremental borrowing rate
The Assigned Properties cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Assigned Properties would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Assigned Properties 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Assigned Properties estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Assigned Properties' lease liability amounted to ₱136.30 million and ₱130.89 million as of June 30, 2021 and December 31, 2020 respectively. The lease liability pertains to the lease of land for one of the Buildings in which the inception of the lease became effective in August 2014.

Provision for expected credit losses of trade receivables
The Assigned Properties uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Assigned Properties' historical observed default rates. The Assigned Properties calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances including COVID-19 impact and forecast economic conditions. The Assigned Properties' historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The carrying value of the Assigned Properties' trade receivables amounted to ₱1,189.85 million and ₱1,203.25 million as of June 30, 2021 and December 31, 2020 respectively, net of allowance for credit losses amounting to ₱0.50 million as of June 30, 2021 and December 31, 2020 (see Notes 6 and 20).

Impairment of nonfinancial assets
The Assigned Properties assesses impairment on its nonfinancial assets (i.e., investment properties property and equipment and other noncurrent assets) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends including the impact of COVID-19.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Assigned Properties is required to make estimates and assumptions that may affect the carrying amount of the assets.

The carrying values of the Assigned Properties' investment properties, right-of-use asset, property and equipment, other current assets and other noncurrent assets as of June 30, 2021 and December 31, 2020 are disclosed in Notes 7, 8, 9 and 18. No impairment was recognized for the Assigned Properties' nonfinancial assets.

Estimation of useful lives of investment properties
The Assigned Properties estimates the useful lives of its depreciable investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying balances of the Assigned Properties' depreciable assets are disclosed in Note 8 to the interim combined carve-out financial statements.

5. Cash

Cash, which pertains to discretionary fund used by the Assigned Properties to pay for minor expenditures, amounted to ₱94,405 and ₱70,000 as of June 30, 2021 and December 31, 2020, respectively.

6. Receivables

This account consists of:

	June 30, 2021	December 31, 2020
Trade receivables (Notes 13 and 20)	**₱212,894,342**	₱211,716,817
Accrued rent receivables	**961,698,860**	964,286,341
Others	**15,761,539**	27,746,512
	1,190,354,741	1,203,749,670
Less allowance for credit losses	**504,270**	504,270
	₱1,189,850,471	₱1,203,245,400

Trade receivables represent billed monthly rentals and dues. These receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Accrued rent pertains to receivables arising from the application of the straight-line method of recognizing rental income.

Others are composed of the receivables or claims of the Assigned Properties from different utility providers, banks and insurance services.

The allowance for credit losses as of June 30, 2021 and December 31, 2020 amounted to ₱0.50 million.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ('Bayanihan 1 Act') was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ('Bayanihan 2 Act'), was enacted. Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2021 and 2020, the Assigned Properties, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to retail tenants as a response to the effects of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables, including extension of payment terms.

Based on the Assigned Properties' assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore did not result in the derecognition of the affected financial assets.

7. Other Assets

Other Current Assets
This account consists of prepaid taxes pertaining to advance payments for real property taxes amounting to ₱38.90 million and ₱44.90 million as of June 30, 2021 and December 31, 2020, respectively.

Other Noncurrent Assets
This account consists of:

	June 30, 2021	December 31, 2020
Utility deposits	**₱32,953,003**	₱31,551,803
Advances to suppliers and contractors	**8,638,058**	14,610,138
	₱41,591,061	₱46,161,941

Utility deposits pertain primarily to amounts paid to the utility companies for the meter deposits for the Assigned Properties' commercial projects.

Advances to suppliers and contractors consist of advance payments that will be applied against progress billings.

8. Investment Properties

This account consists of:

	Building and Building Improvements	
	2021 (Six Months)	2020 (One Year)
Cost		
Balance at beginning of period	**₱13,230,439,596**	₱13,183,254,718
Additions	**2,963,091**	47,184,878
Balance at end of period	**13,233,402,687**	13,230,439,596
Accumulated Depreciation		
Balance at beginning of period	**4,209,834,441**	3,657,687,565
Depreciation and amortization (Note 17)	**274,293,445**	552,146,876
Balance at end of period	**4,484,127,886**	4,209,834,441
Net Book Value	**₱8,749,274,801**	₱9,020,605,155

Investment properties consist mainly of office buildings that are held to earn rentals.

Additions include initial direct costs which are comprised of commissions paid to various brokers amounting to ₱1.47 million and ₱21.41 million in June 30, 2021 and December 30, 2020, respectively. These are amortized over the lease term on the same basis as the lease income.

The aggregate fair value of the Assigned Properties' investment properties as of June 30, 2021 amounted to ₱59,203 million. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceeded their carrying costs.

The following table provides the fair value hierarchy of the Assigned Properties' investment properties as of June 30, 2021:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	Various	₱59,203,000,000	₱–	₱–	₱59,203,000,000

The fair values of the office buildings were measured through income approach using the discounted cash flow analysis. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject properties.

Rental income derived from investment properties amounted to ₱1,580.76 million and ₱1,478.82 million for the six months ended June 30, 2021 and 2020 respectively (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱442.64 million and ₱417.60 million for the six months ended June 30, 2021 and 2020, respectively (see Note 17).

There are no investment properties as of June 30, 2021 and December 31, 2020 that are pledged as security to liabilities. The Assigned Properties has no restrictions on the realizability of its investment properties. Except for contracts awarded, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

9. Property and Equipment

This account pertains to furniture and fixtures, IT and other equipment. The rollforward analyses follow:

	2021 (Six Months)			
	Furniture, Fixtures & Equipment	IT Equipment	Other Equipment	Total
Cost				
Balances at beginning and of period	**₱1,601,665**	**₱1,131,053**	**₱2,320,338**	**₱5,053,056**
Additions	**–**	**–**	**2,947**	**2,947**
Balances at end of period	**1,601,665**	**1,131,053**	**2,323,285**	**5,056,003**
Accumulated Depreciation				
Balances at beginning of period	**1,069,225**	**916,675**	**1,538,121**	**3,524,021**
Depreciation (Note 17)	**92,756**	**59,869**	**184,857**	**337,482**
Balances at end of period	**1,161,981**	**976,544**	**1,722,978**	**3,861,503**
Net Book Value	**₱439,684**	**₱154,509**	**₱600,307**	**₱1,194,500**

	2020 (One Year)			
	Furniture, Fixtures & Equipment	IT Equipment	Other Equipment	Total
Cost				
Balances at beginning and of year	₱1,601,665	₱1,131,053	₱1,938,239	₱4,670,957
Additions	–	–	382,099	382,099
Balances at end of year	1,601,665	1,131,053	2,320,338	5,053,056
Accumulated Depreciation				
Balances at beginning of year	853,849	779,208	1,171,779	2,804,836
Depreciation	215,376	137,467	366,342	719,185
Balances at end of year	1,069,225	916,675	1,538,121	3,524,021
Net Book Value	₱532,440	₱214,378	₱782,217	₱1,529,035

There are no items of property and equipment that are pledged as security to liabilities as of June 30, 2021 and December 31, 2020.

There are no contractual purchase commitments for property and equipment as of June 30, 2021 and December 31, 2020.

There are no fully depreciated property and equipment that are still being used in operations as of June 30, 2021 and December 31, 2020

10. **Accounts and Other Payables**

This account consists of:

	June 30, 2021	December 31, 2020
Accounts payable	**₱98,385,003**	₱140,936,700
Retention payable	**58,925,034**	130,600,318
Accrued expenses		
Management fees (Notes 13 and 17)	**67,365,782**	125,517,275
Repairs and maintenance	**30,669,414**	37,341,212
Light and water	**25,452,630**	23,288,297
Contracted services	**17,767,089**	11,795,423
Taxes payable	**896,609**	1,026,706
	₱299,461,561	₱470,505,931

Accounts payable mainly includes unpaid billings from suppliers and contractors related to construction activities which are non-interest bearing and are normally settled within 30-90 days term.

Retention payable pertains to the portion of contractor's progress billings withheld by the Assigned Properties which will be released after the satisfactory completion of the contractor's work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract.

Accrued expenses are noninterest bearing.

Taxes payable consists of amounts payable to taxing authority pertaining to expanded withholding taxes.

11. Deposits and Other Liabilities

This account consists of:

	June 30, 2021	December 31, 2020
Deposits from lessees	**₱800,588,476**	₱762,380,914
Unearned rental income	**148,519,008**	148,961,890
Deferred credits	**88,889,072**	117,277,528
	1,037,996,556	1,028,620,332
Less current portion	**255,884,683**	237,082,293
	₱782,111,873	₱791,538,039

The current portion of these accounts follows:

	June 30, 2021	December 31, 2020
Deposits from lessees	**₱185,032,833**	₱166,438,041
Unearned rental income	**61,442,077**	61,262,050
Deferred credits	**9,409,773**	9,382,202
	₱255,884,683	₱237,082,293

Deposits from lessees
Deposits from lessees represent deposits received from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three (3) months' rent and refunded to the lessee at the end of the lease term.

The rollforward analysis of deposits from lessees follows:

	2021 (Six Months)	2020 (One Year)
Gross Amount		
Balance at beginning of period	**₱892,602,609**	₱941,317,593
Additions	**31,977,809**	66,981,468
Refunds	**(21,449,228)**	(115,696,452)
Balance at end of period	**903,131,190**	892,602,609
Unamortized Discount		
Balance at beginning of period	**130,221,695**	148,440,318
Additions	**3,126,578**	22,352,992
Accretion (Note 17)	**(30,805,559)**	(40,571,615)
Balance at end of period	**102,542,714**	130,221,695
Net Amount	**800,588,476**	762,380,914
Less current portion	**185,032,833**	166,438,041
	₱615,555,643	₱595,942,873

Unearned rental income
Unearned rental income represent cash received in advance representing three (3) months' rent which will be applied to the last three (3) months' rentals on the related lease contracts.

Deferred credits
Deferred credits pertain to the difference between the nominal value of the deposits from lessees and their fair values. This is initially measured at fair value and subsequently amortized using the straight-line method.

The rollforward analysis of deferred credits follows:

	2021 (Six Months)	2020 (One Year)
Balance at beginning of period	**₱117,277,528**	₱139,906,219
Additions	**3,126,578**	22,352,992
Amortization (Note 14)	**(31,515,034)**	(44,981,683)
Balance at end of period	**88,889,072**	117,277,528
Less current portion	**9,409,773**	9,382,202
	₱79,479,299	₱107,895,326

12. Stockholders' Equity

The equity section presented in the interim combined carve-out statements of financial position is prepared by combining the historical accumulated earnings of the Assigned Properties, adjusted for the effects of elimination of intra-company transactions among and within RLC.

Accordingly, the amounts of 'Invested Equity' shown in the interim combined carve-out statements of financial position do not necessarily reflect the consolidated amounts of what the RLC's shareholders would have been had the infusion of assets as disclosed in Note 1 been completed, nor had it been a separate stand-alone entity, during the periods presented. The interim combined carve-out financial statements neither represent the financial information of RLC prepared on a basis as if RLC was operating solely, nor do they give an indication of the results, cash flows and financial position of RLC in the future.

'Invested Equity' pertains to the net assets attributable to the combined assets, excluding the cumulative earnings. 'Invested Equity' is used to capture the capital/contributions/distributions movement as well as the accumulated results of operations. This is equivalent to equity. The Assigned Properties are not legal entities have not issued, at their level, their own shares of stock and was not able to present their own equivalent of retained earnings.

13. Related Party Transactions

Related party transactions are made under the normal course of business. 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; and the parties are subject to common control or common significant influence. Affiliates are entities that are owned and controlled by the Ultimate Parent Company and neither a subsidiary nor associate of the Assigned Properties. These affiliates are effectively sister companies of the Assigned Properties by virtue of ownership of the Ultimate Parent Company. Related parties may be individuals or corporate entities. Transactions are generally settled in cash, unless otherwise stated.

The amounts and balances arising from significant related party transactions are as follows:

	June 30, 2021 (Six Months)			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Ultimate Parent Company				
Rental income/receivable (a)	**₱19,216,832**	**₱5,275,032**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**
Shared expenses (b)	**9,507,726**	**–**	**Non-interest bearing; due and demandable**	**Unsecured**
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	**107,502,992**	**45,792,063**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**
		₱51,067,095		

	December 31, 2020 (One Year)			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱41,163,463	₱32,651,145	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Shared expenses (b)	23,057,851	–	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	179,089,381	46,856,753	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
		₱79,507,898		

Significant transactions with related parties are as follows:

(a) Rental income

The top five (5) related party lessors of the Assigned Properties are as follows: JG Summit Holdings, Inc., Universal Robina Corporation, Robinsons Bank Corporation, Aspen Business Solutions, Inc., and Summit Publishing Co., Inc.

For the six months ended June 30, 2021 and 2020, the revenue generated from the top 5 related party lessees amounted to ₱116.81 million and ₱106.05 million, respectively.

The lease term generally ranges three (3) to twenty (20) years and the lease rates are based on prevailing market lease rates.

(b) Shared expenses

The Ultimate Parent Company pays for and charges the Assigned Properties for the operational and administrative functions incurred in the normal course of business.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. The Assigned Properties has not recognized any impairment losses on amounts receivables from related parties for the six months ended June 30, 2021 and 2020. This assessment is undertaken each financial period through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel for the six months ending June 30 follows:

	2021 (Six Months)	2020 (Six Months)
Short-term employee benefits	**₱67,365,782**	₱63,457,325

There are no other arrangements between the Assigned Properties and any of its directors and key officers providing for benefits upon termination of employment.

14. Rental Income

This account consists of:

	2021 (Six Months)	2020 (Six Months)
Office and retail spaces	**₱1,548,772,937**	₱1,450,928,056
Parking spaces	**473,231**	657,196
Amortization of deferred credits (Note 11)	**31,515,034**	27,230,694
	₱1,580,761,202	₱1,478,815,946

Rental income
Rental income from office, retail and parking includes income from the straight-line method of recognizing rental income amounted to ₱37.54 million and ₱49.45 million for the six months ended June 30 2021 and 2020, respectively.

Income from dues
Income from dues pertains to recoveries from tenants for the usage of common areas, air-conditioning services. This is presented gross of related costs and expenses.

Set out below is the disaggregation of the Assigned Properties' revenue from income from dues or non-lease component:

	2021 (Six Months)	2020 (Six Months)
Income from dues (Note 3):		
CUSA	**₱285,222,712**	₱267,011,392
Air-conditioning	**10,202,645**	13,370,008
	₱295,425,357	₱280,381,400

15. Income from dues - net

Income from dues - net pertain to CUSA and air-conditioning services of the Condominium Units where the Assigned Properties determined that it is acting as an agent for these services (see Note 4). This account consists of:

	2021 (Six Months)	2020 (Six Months)
Dues	**₱70,678,641**	₱80,665,203
Less direct cost	**(41,503,787)**	(42,488,097)
	₱29,174,854	₱38,177,106

16. Other Income

This account pertains to miscellaneous income earned from forfeitures and penalties charged to tenants for late payments, gain from insurance claims, and others. Dues pertains to net recoveries from tenants for the usage of common areas and utilities. This account consists of:

	2021 (Six Months)	2020 (Six Months)
Miscellaneous	**₱4,410,979**	₱2,880,171
Utilities - net (Notes 3 and 4)	**–**	3,083,021
	₱4,410,979	₱5,963,192

Set out below is the disaggregation of the Assigned Properties' utility dues billed to tenants (see Note 17):

	2021 (Six Months)	2020 (Six Months)
Utility dues:		
Light	**₱113,771,930**	₱141,916,341
Water	**7,637,050**	11,072,135
Costs:		
Light	**(116,305,844)**	(135,989,836)
Water	**(9,056,262)**	(13,915,619)
	(₱3,953,126)	₱3,083,021

17. Costs and Expenses

Direct operating costs
This account consists of:

	2021 (Six Months)	2020 (Six Months)
Depreciation and amortization (Notes 8 and 18)	**₱284,956,932**	₱284,035,591
Management fees (Notes 10 and 13)	**67,365,782**	63,457,325
Accretion of interest expense (Note 11)	**30,805,559**	24,122,124
Contracted services	**30,440,129**	24,764,201

(Forward)

	2021 (Six Months)	2020 (Six Months)
Repairs and maintenance	**₱23,882,773**	₱19,621,428
Utilities - net (Note 16)	**3,953,126**	–
Common usage area charges (Note 3)	**1,233,799**	1,594,775
	₱442,638,100	₱417,595,444

General and Administrative Expenses

This account consists of:

	2021 (Six Months)	2020 (Six Months)
Taxes and licenses	**₱50,536,580**	₱52,519,099
Salaries and wages	**26,102,818**	25,682,945
Insurance expense	**13,482,145**	13,965,922
Commission expense	**10,950,059**	11,618,180
Shared expenses (Note 13)	**9,507,726**	5,437,841
Supplies expense	**1,048,256**	857,051
Depreciation (Note 9)	**337,482**	359,593
Communication	**268,856**	111,530
Others	**2,182,781**	1,036,505
	₱114,416,703	₱111,588,666

Others pertain to travel and transportation, communication, bank charges and advertising and promotions which are individually not material.

18. Lease Commitments and Contingencies

The Assigned Properties as lessor - operating lease

The Assigned Properties has entered into commercial property leases on its investment property portfolio. These noncancelable leases have remaining noncancelable lease terms of between one (1) and ten (10) years. All leases include a clause that enables upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under noncancelable operating leases are as follows:

	June 30, 2021	December 31, 2020
Within one year	**₱2,820,404,306**	₱2,667,839,867
After one year but not more than five years	**6,278,550,829**	6,763,297,611
More than five years	**3,044,852,548**	1,210,696,908
	₱12,143,807,683	₱10,641,834,386

Total rent income amounted to ₱1,580.76 million and ₱1,478.82 million for the six months ended June 30, 2021 and 2020 respectively (see Note 14).

The Assigned Properties as lessee

The Assigned Properties and Bases Conversion and Development Authority (BCDA) entered into an operating lease agreement for the lease of a parcel of land used in its operations. The lease of land has a lease term of 25 years. The lease generally provides for a fixed monthly rent.

The Assigned Properties has paid rent in advance amounting to ₱560.80 million for the 25-year opening lease agreement. As a result, the lease payment will commence on March 2031.

Right-of-use asset
The rollforward analysis of this account for the six months ended June 30, 2021 and the year ended December 31, 2020 follow:

	2021 (Six Months)	2020 (One Year)
Cost		
Balance at beginning and end of period	**₱455,760,953**	₱455,760,953
Accumulated Amortization		
Balance at beginning of period	**43,066,346**	21,503,716
Amortization (Note 17)	**10,663,487**	21,562,630
Balance at end of period	**53,729,833**	43,066,346
Net Book Value	**₱402,031,120**	₱412,694,607

Lease liability
The rollforward analysis of lease liability follows:

	2021 (Six Months)	2020 (One Year)
Balance at beginning of period	**₱130,893,199**	₱120,674,331
Interest expense	**5,401,951**	10,218,868
Balance at the end of period	**₱136,295,150**	₱130,893,199

The following are the amounts recognized in the interim combined carve-out statements of comprehensive income from the above lease agreements as lessee:

	2021 (Six Months)	2020 (Six Months)
Amortization of right-of-use asset	**₱10,663,487**	₱10,722,401
Accretion of interest expense	**5,401,951**	5,007,028
Total amounts recognized in the interim combined carve-out statements of comprehensive income	**₱16,065,438**	₱15,729,429

Shown below is the maturity analysis of the undiscounted lease payments:

	June 30, 2021	December 31, 2020
After one year but not more than five years	**₱–**	₱–
More than five years	**412,040,475**	412,040,475
	₱412,040,475	₱412,040,475

19. **Income Tax**

Provision for income tax consists of:

	2021 (Six Months)	2020 (Six Months)
Current	**₱273,748,500**	₱365,090,613
Deferred	**(109,452,397)**	4,223,827
	₱164,296,103	₱369,314,440

The current provision for income tax represents RCIT for the six months ended June 30, 2021 and 2020 as if the combining assets is a separate taxpayer. Until the approval of the Property-for-Share Swap by the SEC, the tax obligation for the combining assets shall remain to be part of the Parent Company's consolidated financial statements and not in the stand-alone financial statements of the Company.

The components of net deferred tax assets (liabilities) follow:

	June 30, 2021	December 31, 2020
Deferred tax assets on:		
Advance rent	**₱37,129,752**	₱44,688,567
Lease liability (Note 18)	**34,073,788**	39,267,960
Allowance for credit losses	**126,067**	151,281
	71,329,607	84,107,808
Deferred tax liabilities on:		
Accrued rent income (Note 6)	**(240,424,715)**	(289,285,902)
Unamortized capitalized interest expense	**(132,006,080)**	(165,839,891)
Right-of-use asset (Notes 3 and 18)	**(100,507,780)**	(123,808,382)
Prepaid commission	**(22,724,225)**	(34,065,139)
Unamortized capitalized rent	**(21,953,460)**	(26,847,544)
	(517,616,260)	(639,846,858)
Net deferred tax liabilities	**(₱446,286,653)**	(₱555,739,050)

As of June 30, 2021, deferred tax assets and liabilities are recognized based on the effective income tax rate of 25% under the Corporate Recovery and Tax Incentives for Enterprises ('CREATE') Act.

The reconciliation between the statutory income tax rate to the effective income tax rate shown in the interim combined carve-out statements of comprehensive income follows:

	2021 (Six Months)	2020 (Six Months)
Statutory income tax rate	**25.00%**	30.00%
Deduct tax effect of:		
Nondeductible expenses	**(0.01%)**	(1.21%)
Nontaxable income	**(0.71%)**	(0.83%)
Effective income tax rate	**24.28%**	27.96%

The President signed into law on March 26, 2021 Republic Act (RA) 11534, or the CREATE Act, to attract more investments and maintain fiscal prudence and stability in the Philippines. The CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Assigned Properties:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- For investments prior to effectivity of CREATE:

  i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

Meanwhile, as clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Assigned Properties would have been subjected to lower regular corporate income tax rate of 21% to 25% effective July 1, 2020.

20. **Financial Assets and Liabilities**

Fair Value Information
Except for the Assigned Properties' security deposits, which are disclosed below, the carrying values of the other financial instruments of the Assigned Properties approximate their fair values due to the short-term nature of the transactions.

	June 30, 2021		December 31, 2020	
	Carrying value	Fair value	**Carrying value**	**Fair value**
Security deposits	**₱1,037,996,556**	**1,012,653,452**	**₱1,028,620,332**	**₱1,005,293,736**

Fair Value Hierarchy
As of June 30, 2021, and December 31, 2020, the Assigned Properties has no financial instrument measured at fair value. As of June 30, 2021, and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of the Assigned Properties' security deposits is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2020 are shown below:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of the input to fair value**
Security deposits	DCF Method	Discount rate	1.00% to 3.95%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies
The Assigned Properties' principal financial instruments comprise of cash, receivables, accounts and other payables and security deposits which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Assigned Properties reviews policies for managing each of these risks. The Assigned Properties monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Assigned Properties' business activities. The main objectives of the Assigned Properties' financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Assigned Properties' finance and treasury functions operate as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Assigned Properties.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Assigned Properties' credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Assigned Properties maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Assigned Properties security deposits and advance rentals which helps reduce the Assigned Properties' credit risk exposure in case of default by the tenants. For existing tenants, the Assigned Properties has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. The security deposits are considered in the calculation of impairment as recoveries. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As of June 30, 2021, and December 31, 2020, 85% and 84% of the Assigned Properties' trade receivables are covered by security deposits, respectively. Trade receivables include receivables as a result of straight-line method amounting to ₱1,189.85 million and ₱1,203.25 million as of June 30, 2021 and December 31, 2020, respectively. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits. The resulting ECL of ₱0.50 million as of June 30, 2021 and December 31, 2020 pertains to receivables aged over 360 days.

The Assigned Properties did not provide any allowance for credit loss relating to receivables from related parties since there is no history of default in payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The Assigned Properties' maximum exposure to credit risk as of June 30, 2021 and December 31, 2020 is equal to the carrying values of its financial assets, except for 'Trade receivables' under 'Receivables' in the interim combined carve-out statements of financial position. Details follow:

	June 30, 2021			
	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
Receivables				
Trade	**₱1,174,088,932**	**₱1,012,653,452**	**₱161,435,480**	**₱1,012,653,452**
Other	**15,761,539**	**–**	**15,761,539**	**–**
	₱1,189,850,471	**₱1,012,653,452**	**₱177,197,019**	**₱1,012,653,452**

	December 31, 2020			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Receivables				
Trade	₱1,175,498,888	₱1,005,293,736	₱170,205,152	₱1,005,293,736
Other	27,746,512	–	27,746,512	–
	₱1,203,245,400	₱1,005,293,736	₱197,951,664	₱1,005,293,736

The credit quality of the financial assets was determined as follows:

Receivables - high grade pertains to receivables from counterparties with no default in payment; medium grade pertains to receivables from counterparties with up to three (3) defaults in payment; and low grade pertains to receivables from counterparties with more than three (3) defaults in payment.

Liquidity risk
The Assigned Properties actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Assigned Properties' policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through a combination of internally generated funds and external

borrowings, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, the Assigned Properties also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost.

The tables below summarize the maturity profile of the Assigned Properties' financial assets and financial liabilities based on contractual undiscounted payments:

	June 30, 2021			
	< 1 year	**1 to 5 years**	**> 5 years**	**Total**
Financial assets				
Receivables				
Trade*	**₱70,072,807**	**₱89,074,645**	**₱53,242,620**	**₱212,390,072**
Accrued rent	**3,292,330**	**459,490,275**	**498,916,255**	**961,698,860**
Other	**15,761,539**	**–**	**–**	**15,761,539**
	₱89,126,676	**₱548,564,920**	**₱552,158,875**	**₱1,189,850,471**
Financial liabilities				
Accounts and other payables				
Accounts payable	**₱98,385,003**	**₱–**	**₱–**	**₱98,385,003**
Retention payable	**58,925,034**	**–**	**–**	**58,925,034**
Accrued expenses	**141,254,915**	**–**	**–**	**141,254,915**
Deposits from lessees	**255,884,683**	**623,787,739**	**158,324,134**	**1,037,996,556**
Lease liability	**–**	**–**	**412,040,475**	**412,040,475**
	₱554,449,635	**₱623,787,739**	**₱570,364,609**	**₱1,748,601,983**

**net of allowance for credit losses*

	December 31, 2020			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Receivables				
Trade*	₱81,312,098	₱91,453,948	₱38,446,501	₱211,212,547
Accrued rent	60,819,065	545,830,531	357,636,745	964,286,341
Other	27,746,512	–	–	27,746,512
	₱169,877,675	₱637,284,479	₱396,083,246	₱1,203,245,400
Financial liabilities				
Accounts and other payables				
Accounts payable	₱140,936,700	₱–	₱–	₱140,936,700
Retention payable	130,600,318	–	–	130,600,318
Accrued expenses	197,942,207	–	–	197,942,207
Deposits from lessees	237,082,293	523,375,940	268,162,099	1,028,620,332
Lease liability	–	–	412,040,475	412,040,475
	₱706,561,518	₱523,375,940	₱680,202,574	₱1,910,140,032

**net of allowance for credit losses*

21. Earnings Per Share (EPS)

As the interim combined carve-out financial statements have no legal capital and the financial information has been prepared on a combined basis, it is not possible to measure EPS. Accordingly, the requirement of PAS 33, *Earnings Per Share*, to disclose basic/diluted EPS has not been complied with in these interim combined carve-out financial statements.

22. Segment Reporting

The Assigned Properties has determined that it is currently operating as one operating segment.

The Assigned Properties' 12-building lease operation is its only income-generating activity, and such is the measure used by management in allocating resources.

23. Note to the Assigned Properties' Interim Combined Carve-out Statements of Cash flows

The Assigned Properties' noncash financing activity pertains to movements in equity related to changes in net assets transferred to the Assigned Properties.

There were no noncash investing activities recognized by the Assigned Properties for the six months ended June 30, 2021 and 2020.

24. Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

Certain operations of the Assigned Properties are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these Assigned Properties are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

All of the Assigned Properties are PEZA-registered with details as follows:

<u>Cyberscape Alpha</u>
The Assigned Properties is registered with PEZA (beginning January 4, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011, for creating and designating a building located at Sapphire and Garnet Roads, Ortigas Center, Pasig City, as Information Technology (IT) Center, to be known as 'Cyberscape Alpha'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

<u>Cyberscape Beta</u>
The Assigned Properties is registered with PEZA (beginning November 22, 2012) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 11-624 dated November 8, 2011, for creating and designating a building located at Topaz and Ruby Roads, Ortigas Center, Pasig City, containing an area of 1,955 square meters, more or less (a

portion of Lot 2-C) as an Information Technology (IT) Center, henceforth to be known as 'Cyberscape Beta'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Bridgetowne
The Assigned Properties is registered with PEZA (beginning June 26, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013, for creating and designating several parcels of land located along C-5 Road, Ugong Norte, Quezon City, with an aggregate area of 79,222 square meters as Information Technology (IT) Park, to be known as Bridgetowne. Under the terms of its registration, the Developer/Operator of the IT Center shall not be entitled to PEZA incentives. Tera and Exxa-Zeta Towers are located in Bridgetowne.

Robinsons Cybergate Cebu
The Assigned Properties is also registered with PEZA (beginning October 28, 2009) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008, for creating and designating 4,772 square meter, more or less, of land located at Don Gil Street, Barangay Capitol Site, Cebu City, as an Information Technology Center, to be known as 'Robinsons Cybergate Cebu'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Galleria Cebu
The Assigned Properties is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as 'Robinsons Galleria Cebu'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Luisita
The Assigned Properties is also registered with PEZA (beginning December 10, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 08-183 dated March 31, 2008, designating a building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot located at McArthur Highway, San Miguel, Tarlac as Information Technology (IT) Center, henceforth to be known as 'Robinsons Luisita'. On January 5, 2017, the expansion of the existing Robinsons Luisita, specifically the construction of additional 3-storey office building which shall increase the gross floor area of the IT Center from 9,025 square meters to 15,330.82 square meters, has also been registered with PEZA. Under the terms of its registration, the Assigned Properties' expansion is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Naga
The Assigned Properties is also registered with PEZA (beginning May 12, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 15-715 dated December 17, 2015, for creating and designating a building, which stands on a 24,807-square meter, more or less, lot located at Naga Diversion Road corner Almeda Highway, Brangay Triangulo, Naga City as an IT Center, to be known as 'Robinsons Cybergate Naga'. Under the terms of its registration, the Assigned Properties is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cyberpark Davao
The Assigned Properties is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as 'Robinsons Cyberpark Davao'. Under the terms of its registration, the Assigned Properties is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Summit Center
The Assigned Properties is also registered with PEZA (beginning September 1, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004, for creating and designating a building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less, lot located at 6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City, as Information Technology (IT) Building, to be known as 'JG Summit Center'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Equitable Tower
The Assigned Properties is also registered with PEZA (beginning July 21, 2003) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003, for creating and designating a 2,832 square meters parcel of land with an existing 43-storey condominium office building, located at ADB Avenue corner Poveda Street, Pasig city, as an Information Technology (IT) Zone to be known as 'Robinsons Equitable Tower'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Zone, shall not be entitled to PEZA incentives.

Cyber Sigma
The Assigned Properties is also registered with PEZA (beginning December 16, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 15-027 dated January 30, 2015, for creating and designating a building with a gross floor area of 79,124.33 square meters as an Information Technology Center to be known as the 'Cyber Sigma' which stands on a parcel of land located along Lawton Avenue, Bonifacio South, Taguig City containing an aggregate area of 5,000 square meters more or less. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

25. **COVID-19 Pandemic**

Following the outbreak of the coronavirus disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 coronavirus disease ('COVID-19') outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020 which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.

With public health and safety in mind and in full cooperation with the government, the Assigned Properties remained open to support establishments offering essential services such as IT-Business Process Management (IT-BPM) firms.

The Assigned Properties also institutionalized heightened cleanliness standards and invested in contactless technologies to minimize health and safety risks. While the ensuring business continuity, employee welfare and protection remained of utmost priority with the adoption of remote work arrangements and a digital workplace.

Furthermore, the Assigned Properties has rolled out innovative solutions in response to the changed business landscape.

The Assigned Properties is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nevertheless, the Assigned Properties expects to regain its significant foothold in the market it operates in as movement restrictions ease and as consumer sentiment recovers. Furthermore, despite unprecedented headwinds, the Assigned Properties' financial position remains stable and strong on the back of its well-balanced business portfolio.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the interim combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties) as at June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020, and have issued our report thereon dated July 12, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Interim Combined Carve-out Financial Statements and Supplementary Schedules are the responsibility of the Assigned Properties' management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

RLC REIT PROPERTIES

INDEX TO THE INTERIM COMBINED CARVE-OUT FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Combined Carve-out Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Contributed Capital
68-E	Components of Financial Soundness Indicators

SCHEDULE A

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
JUNE 30, 2021

The Assigned Properties does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as of June 30, 2021.

SCHEDULE B

RLC REIT PROPERTIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
JUNE 30, 2021

The Assigned Properties does not have amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) above ₱1.00 million or 1% of total assets as of June 30, 2021.

SCHEDULE C

RLC REIT PROPERTIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF COMBINED CARVE-OUT FINANCIAL STATEMENTS JUNE 30, 2021

	Receivable Balance	Payable Balance	Current portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

SCHEDULE D

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2021

Long-term Debt			
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption 'current portion of long-term' in related balance sheet	Amount shown under caption 'long-term debt' in related balance sheet
N/A	N/A	N/A	N/A

SCHEDULE E

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
JUNE 30, 2021

Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
JUNE 30, 2021

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Assigned Properties for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

SCHEDULE G

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF CONTRIBUTED CAPITAL
JUNE 30, 2021

Contributed Capital						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the interim combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties) as at June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020, and have issued our report thereon dated July 12, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Assigned Properties' management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Assigned Properties' interim combined carve-out financial statements as at June 30, 2021 and December 31, 2020 and for the six months June 30, 2021 and 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

RLC REIT PROPERTIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
JUNE 30, 2021

Ratio	Formula	**June 30, 2021**	December 31, 2020
Current ratio	Current assets / Current liabilities	**1.59**	0.97
Acid test ratio	Quick assets / Current liabilities (Quick assets includes cash)	**1.54**	0.93
Solvency ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)/ Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	**–**	–
Debt-to-equity ratio	Interest-bearing bank debts / Stockholders' equity	**–**	–
Asset-to-equity ratio	Total assets / Stockholders' equity	**1.26**	1.35
Interest rate coverage ratio	EBITDA / Interest expense (from interest-bearing bank debts)	**–**	–
Return on equity	Net income / Average total stockholders' equity	**0.15**	0.22
Return on assets	Net income / Average total assets	**0.11**	0.16
Net profit margin	Net income / Total revenue	**0.62**	0.50

ROBINSONS REALTY MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

July 12, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of **Robinsons Realty and Management Corporation** (the Company) is responsible for the preparation and fair presentation of the reviewed proforma financial information including the schedules attached therein as at June 30, 2021 and for the six months ended June 30, 2021 and year ended December 31, 2020 covering the twelve (12) office assets to be transferred to the Company and two (2) office assets under building lease, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the proforma financial information, including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has reviewed the proforma financial information of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME
this JUL 16 2021 at QUEZON CITY Philippine
Affiant exhibited to me his/her Valid ID No. ______
issued on ______

DOC# 45
PAGE# 10
BOOK# 38
SERIES OF 20 21

Signed this ______ day of ______

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 – 1-2-2020/ QC
IBP No. 093586 – 10-22-2019/ QC
Roll No. 30457 – 05-09-80
MCLE VI – 0030379
Adm. Matter No NP-001(2020-2021)
TIN No. 131-942-754

REPORT ON THE COMPILATION OF PRO-FORMA CONDENSED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Stockholders and Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City, Philippines

We have completed our assurance engagement to report on the compilation of the pro-forma condensed financial information of Robinsons Realty and Management Corporation (the Company) by the Company's management. The pro-forma condensed financial information consists of the pro-forma statement of financial position as at June 30, 2021 and the pro-forma statement of comprehensive income, pro-forma statement of changes in equity, pro-forma statement of cash flows for the six months ended June 30, 2021 and year ended December 31, 2020, and related notes. The applicable criteria on the basis of which the Company's management has compiled the pro-forma condensed financial information are described in Note 2 to the pro-forma condensed financial information.

The pro-forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 3 on the Company's financial position as at June 30, 2021, the end of the period presented, and its financial performance and cash flows for the six months ended June 30, 2021 and for the year ended December 31, 2020, as if the transactions had taken place at January 1, 2021 and 2020, respectively, which is the beginning of the period presented. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted by Company's management from the Company's audited financial statements and from the combined carve-out financial statements of RLC REIT Properties as at June 30, 2021 and for the six months ended June 30, 2021, and year ended December 31, 2020 for which audit reports have been issued on July 12, 2021.

Responsibility for the Pro-Forma Financial Information

The Company's management is responsible for compiling the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

Auditor's Responsibilities

Our responsibility is to express an opinion, as required by Section 9, Part II of the Revised Securities Regulation Code Rule 68, about whether the pro-forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus,* issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma condensed financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro-forma condensed financial information.

The purpose of the pro-forma condensed financial information included in a REIT plan is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the beginning of period presented, would have been as presented.

As reasonable assurance engagement to report on whether the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro-forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro-forma adjustments give appropriate effect to those criteria; and
- the pro-forma condensed financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro-forma condensed financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro-forma condensed financial information. We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Robinsons Realty and Management Corporation (Audited)	Pro-forma Adjustments (Unaudited) (Note 3.I)	Pro-forma Balances (Unaudited)
ASSETS			
Current assets			
Cash (Note 3.I.a)	₱25,331,293	₱14	₱25,331,307
Receivables (Note 3.I.b)	–	273,408,060	273,408,060
Due from a related party (Note 3.I.c)	–	683,597,558	683,597,558
Other current assets	13,504,551	–	13,504,551
Total Current Assets	38,835,844	957,005,632	995,841,476
Noncurrent Assets			
Investment properties (Note 3.I.d)	–	59,203,000,000	59,203,000,000
Right-of-use asset (Note 3.I.e)	–	547,920,537	547,920,537
Other noncurrent assets (Note 3.I.f)	–	52,087,390	52,087,390
Total Noncurrent Assets	–	59,803,007,927	59,803,007,927
	₱38,835,844	₱60,760,013,559	₱60,798,849,403
LIABILITIES AND EQUITY			
Current Liabilities			
Deposits and other current liabilities (Note 3.I.g)	₱ –	₱255,884,683	₱255,884,683
Due to a related party	58,845,356	–	58,845,356
Total Current Liabilities	58,845,356	255,884,683	314,730,039
Noncurrent Liabilities			
Lease liability (Note 3.I.h)	–	242,846,053	242,846,053
Deposits and other noncurrent liabilities (Note 3.I.g)	–	1,068,206,806	1,068,206,806
Total Noncurrent Liabilities	–	1,311,052,859	1,311,052,859
Total Liabilities	58,845,356	1,566,937,542	1,625,782,898
Equity (Capital Deficiency)			
Capital stock (Note 3.I.i)	25,000,000	9,923,997,197	9,948,997,197
Additional paid-in capital (Note 3.I.j)	–	49,269,078,820	49,269,078,820
Deficit	(45,009,512)	–	(45,009,512)
Total Equity (Capital Deficiency)	(20,009,512)	59,193,076,017	59,173,066,505
	₱38,835,844	₱60,760,013,559	₱60,798,849,403

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.II)	Pro-Forma Balances (Unaudited)
REVENUE			
Rental income	₱–	₱1,956,069,317	₱1,956,069,317
Income from dues	–	401,491,354	401,491,354
Income from dues - net	–	29,174,854	29,174,854
	–	2,386,735,525	2,386,735,525
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES			
Increase in fair value of investment properties	–	172,445,247	172,445,247
Straight-line adjustment	–	(37,236,601)	(37,236,601)
Lease commissions	–	(1,467,185)	(1,467,185)
	–	133,741,461	133,741,461
Other income	–	6,959,652	6,959,652
	–	2,527,436,638	2,527,436,638
COSTS AND EXPENSES			
Direct operating costs	–	221,729,609	221,729,609
General and administrative expenses	45,341,305	221,112,737	266,454,042
Interest expense	–	4,634,951	4,634,951
	45,341,305	447,477,297	492,818,602
INCOME (LOSS) BEFORE INCOME TAX	(45,341,305)	2,079,959,341	2,034,618,036
PROVISION FOR INCOME TAX	–	499,564,231	499,564,231
NET INCOME (LOSS)	(45,341,305)	1,580,395,110	1,535,053,805
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱45,341,305)	₱1,580,395,110	₱1,535,053,805
Number of Common Shares	12,815,884	9,923,997,197	9,936,813,081
Basic/Diluted Earnings (Loss) Per Share (Note 4)	(₱3.538)	₱0.159	₱0.154

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.III)	Pro-Forma Balances (Unaudited)
REVENUE			
Rental income	₱–	₱3,944,481,041	₱3,944,481,041
Income from dues	–	849,667,389	849,667,389
Dues - net	–	58,349,707	58,349,707
	–	4,852,498,137	4,852,498,137
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES			
Increase in fair value of investment properties	–	1,491,480,268	1,491,480,268
Straight-line adjustment	–	(238,854,192)	(238,854,192)
Lease commissions	–	(13,645,863)	(13,645,863)
	–	1,238,980,213	1,238,980,213
Other income	–	5,872,887	5,872,887
		6,097,351,237	6,097,351,237
COSTS AND EXPENSES			
Direct operating costs	–	399,949,980	399,949,980
General and administrative expenses	18,950	452,054,909	452,073,859
Interest expense	–	9,988,013	9,988,013
	18,950	861,992,902	862,011,852
INCOME (LOSS) BEFORE INCOME TAX	(18,950)	5,235,358,335	5,235,339,385
PROVISION FOR INCOME TAX	–	1,548,822,506	1,548,822,506
NET INCOME (LOSS)	(18,950)	3,686,535,829	3,686,516,879
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱18,950)	₱3,686,535,829	₱3,686,516,879
Number of Common Shares	6,250,000	9,942,747,197	9,948,997,197
Basic/Diluted Earnings (Loss) Per Share (Note 4)	(₱0.003)	₱0.371	₱0.371

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.IV)	Pro-Forma Balances (Unaudited)
CAPITAL STOCK			
Paid-in capital			
Balance at beginning of year	₱6,250,000	₱–	₱6,250,000
Issuance of shares of stock (Note 3.I.h)	18,750,000	9,923,997,197	9,942,747,197
Balance at end of year	25,000,000	9,923,997,197	9,948,997,197
Additional paid-in capital			
Balance at beginning of year	–	–	–
Additions during the year (Note 3.I.i)	–	49,269,078,820	49,269,078,820
Balance at end of year	–	49,269,078,820	49,269,078,820
	25,000,000	59,193,076,017	59,218,076,017
DEFICIT			
Balance at beginning of year	331,793	–	331,793
Total comprehensive income (loss)	(45,341,305)	1,580,395,110	1,535,053,805
Other pro-forma adjustments (Note 3.IV)	–	(1,580,395,110)	(1,580,395,110)
Balance at end of year	(45,009,512)	–	(45,009,512)
	(₱20,009,512)	₱59,193,076,017	₱59,173,066,505

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.V)	Pro-Forma Balances (Unaudited)
CAPITAL STOCK			
Paid-in capital			
Balance at beginning of year	₱6,250,000	₱–	₱6,250,000
Issuance of shares of stock	–	9,942,747,197	9,942,747,197
Balance at end of year	6,250,000	9,942,747,197	9,948,997,197
Additional paid-in capital			
Balance at beginning of year	–	–	–
Additions during the year	–	49,112,078,820	49,112,078,820
Balance at end of year	–	49,112,078,820	49,112,078,820
	6,250,000	59,054,826,017	59,061,076,017
RETAINED EARNINGS			
Balance at beginning of year	350,743	–	350,743
Total comprehensive income (loss)	(18,950)	3,686,535,829	3,686,516,879
Other pro-forma adjustments (Note 3.V)	–	(3,686,535,829)	(3,686,535,829)
Balance at end of year	331,793	–	331,793
	₱6,581,793	₱59,054,826,017	₱59,061,407,810

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.VI)	Pro-forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax (Note 3.VI.a)	(₱45,341,305)	₱2,079,959,341	₱2,034,618,036
Adjustments for:			
Fair value change in investment properties (Note 3.VI.b)	–	(133,741,461)	(133,741,461)
Interest expense (Note 3.VI.c)	–	4,634,951	4,634,951
Amortization of right-of-use asset (Note 3.VI.d)	–	14,438,557	14,438,557
Operating income (loss) before working capital changes	(45,341,305)	1,965,291,388	1,919,950,083
Changes in operating assets and liabilities:			
Increase in:			
Receivables (Note 3.VI.e)	–	(27,474,094)	(27,474,094)
Other current assets	(13,504,551)	–	(13,504,551)
Increase (decrease) in:			
Accounts and other payables (Note 3.VI.f)	–	(171,044,372)	(171,044,372)
Deposits and other liabilities (Note 3.VI.g)	–	29,180,068	29,180,068
Cash generated from (used in) operations	(58,845,856)	1,795,952,990	1,737,107,134
Income tax paid (Note 3.VI.h)	–	(391,422,965)	(391,422,965)
Net cash flows provided by (used in) operating activities	(58,845,856)	1,404,530,025	1,345,684,169
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties (Note 3.VI.i)	–	(2,963,091)	(2,963,091)
Decrease in other noncurrent assets (Note 3.VI.j)	–	(249,640)	(249,640)
Cash flows used in investing activities	–	(3,212,731)	(3,212,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in due from a related party	65,427,149	–	65,427,149
Proceeds from issuance of capital stock (Note 3.VI.k)	18,750,000	14	18,750,014
Cash flows provided by financing activities	84,177,149	14	84,177,163
Other proforma adjustments (Note 3.VI.2)	–	(1,401,317,294)	(1,401,317,294)
NET INCREASE IN CASH	25,331,293	14	25,331,307
CASH AT BEGINNING OF YEAR	–	–	–
CASH AT END OF YEAR	₱25,331,293	₱14	₱25,331,307

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.VII)	Pro-forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax (Note 3.VII.a)	(₱18,950)	₱5,235,358,335	₱5,235,339,385
Adjustments for:			
Fair value change in investment properties (Note 3.VII.b)	–	(1,238,980,213)	(1,238,980,213)
Interest expense (Note 3.VII.c)	–	9,988,013	9,988,013
Amortization of right-of-use asset (Note 3.VII.d)	–	28,299,150	28,299,150
Operating income (loss) before working capital changes	(18,950)	4,034,665,285	4,034,646,335
Changes in operating assets and liabilities:			
Increase in receivables (Note 3.VII.e)	–	(177,216,298)	(177,216,298)
Increase (decrease) in:			
Accounts and other payables (Note 3.VII.f)	(35,983)	2,215,973	2,179,990
Deposits and other liabilities (Note 3.VII.g)	–	(98,118,655)	(98,118,655)
Cash generated from (used in) operations	(54,933)	3,761,546,305	3,761,491,372
Income tax paid (Note 3.VII.h)	–	(936,688,890)	(936,688,890)
Net cash flows provided by (used in) operating activities	(54,933)	2,824,857,415	2,824,802,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties (Note 3.VII.i)	–	(47,184,878)	(47,184,878)
Decrease in other noncurrent assets (Note 3.VII.j)	–	2,985,167	2,985,167
Net cash flows used in investing activities	–	(44,199,711)	(44,199,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in due from a related party	54,933	–	54,933
Proceeds from issuance of capital stock (Note 3.VII.k)	–	18,750,014	18,750,014
Cash flows provided by financing activities	54,933	18,750,014	18,804,947
Other proforma adjustments (Note 3.VII)	–	(2,780,657,704)	(2,780,657,704)
NET INCREASE IN CASH	–	18,750,014	18,750,014
CASH AT BEGINNING OF YEAR	–	–	–
CASH AT END OF YEAR	₱–	₱18,750,014	₱18,750,014

See accompanying Notes to Pro-Forma Condensed Financial Information.

NOTES TO PRO-FORMA CONDENSED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease or otherwise, and to own, develop, sell, mortgage, lease, and hold for investment or otherwise, real estate of all kinds. It is a wholly-owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

<u>Pro-forma Information</u>

Amendment of the Articles of Incorporation

On April 15, 2021, the Board of Directors (BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation resulting to, among other things, the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ("the REIT Act"), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Execution of Property-for-Share Swap Agreement

On April 15, 2021, a Comprehensive Deed of Assignment (Deed of Assignment) was executed between the Company and RLC for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap). Ownership of the land on which the Assigned Properties are situated shall remain with RLC.

The Assigned Properties consists of: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center.

The amendments to the Company's Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

Authorization for the Issue of Pro-Forma Condensed Financial Information
The unaudited pro-forma condensed financial information as at June 30, 2021 and, six months ended June 30, 2021, and year ended December 31, 2020 were authorized for issue by the BOD on July 12, 2021.

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2. Basis of Preparing Pro-Forma Financial Information

The pro-forma condensed financial information have been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code Rule 68 (Revised SRC Rule 68).

The pro-forma condensed financial information has been prepared solely for the inclusion in the REIT Plan prepared by the Company's management in connection with its planned real estate investment trust (REIT) offering. The pro-forma condensed financial information should be read in conjunction with the audited financial statements of the Company and the audited combined carve-out financial statements of RLC REIT Properties as at June 30, 2021 and for six months ended June 30, 2021 and year ended December 31, 2020.

The pro-forma condensed financial information have been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting, with changes in fair value being recognized in profit or loss.

The objective of this pro-forma condensed financial information is to show what the significant effects on the historical financial information might have been had the transactions described below occurred at an earlier date. However, the pro-forma condensed financial information is not necessarily indicative of the results of operations or related effects on the financial statements that would have been attained, had the transactions described below actually occurred at an earlier date. The pro-forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The pro-forma condensed consolidated information has not been prepared in accordance to the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

<u>Significant Transactions</u>
Execution of Property-for-Share Swap Agreement
The pro-forma condensed financial information, which was prepared in connection with the planned REIT offering, includes the execution of a Comprehensive Deed of Assignment between the Company and RLC, wherein RLC assigns, transfers and conveys its ownership, rights, title, contracts, deposits, receivables and interests in and to the Assigned Properties free from all liens and encumbrances, in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares in the Company with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183).

Simultaneous with the assignment, transfer and conveyance of all of its rights, title, contracts, security deposits to utility and professional service providers, receivables, deposits from tenants and interest in and to the Assigned Properties is the assignment by RLC to the Company of its rights, interests and obligations as a lessee including prepaid rent under the 25-year operating lease agreement it entered into with Bases Conversion Development Authority (BCDA) in 2014 for a long-term lease of approximately 5,000 sqm parcel of land along Lawton Avenue, Bonifacio South, Taguig City where Cyber Sigma is currently located. BCDA is a government agency charged with the development and conversion of former military reservations, among others. The operating lease agreement was initially executed between BCDA and Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp. and wholly-owned subsidiary of the Parent Company). With the approval of BCDA, it was later assigned to the Parent Company through an execution of a Deed of Assignment.

Furthermore, RLC undertakes to coordinate with the Company on the transfer of its registration with the Philippine Economic Zone Authority (PEZA). All the Assigned Properties are registered with PEZA as either an Ecozone IT Enterprise or an IT Center.

Subsequent to the approval of the increase in authorized capital stock by the SEC, fourteen (14) shares shall be issued to the directors of the Company.

The Company will account for the Property-for-Share Swap as acquisition of assets as it does not constitute a business combination.

Collection of Subscription Receivable
In 2021, the Company received a total of ₱18.75 million from RLC representing its payment for its unpaid subscription. Accordingly, a total of Eighteen Million Seven Hundred Fifty Thousand (18,750,000) shares were issued.

Execution of Lease Agreements with RLC as Lessor
The pro-forma condensed financial information includes the execution of the planned long-term land and building lease agreements between the Company, as lessee and RLC, as lessor. The planned land lease agreements pertain to the lease of parcels of land owned by RLC where the Assigned Properties are located. Meanwhile, the planned building lease agreements pertain to the lease of two of RLC's PEZA-registered office buildings located in Mandaluyong City namely Robinsons Cybergate 2 and Robinsons Cybergate 3.

Under the terms of the planned lease agreements, the Company shall pay RLC a monthly rental fee equivalent to seven percent (7%) of the monthly rental income from the lease of office spaces, retail shops and parking slots to tenants. The planned lease terms are for a period of up to ninety-nine (99) years.

Execution of Lease Agreements with RLC as a Lessee
The pro-forma condensed financial information includes the execution of the planned long-term lease agreements between the Company, as lessor and RLC, as lessee for the lease of spaces within some of the Assigned Properties.

Under the terms of some of the planned lease agreements, RLC shall pay the Company a fixed monthly rental fee with an annual escalation, while under the terms of the other lease agreements RLC shall pay the Company a combination of fixed and variable monthly rental fee. The variable component is based on a percentage of gross revenues. The planned lease terms are for a period of twenty (20) years.

3. **Pro-Forma Adjustments**

The pro-forma condensed financial information is based on the historical information of the Company as shown in the audited financial statements as at June 30, 2021 and for six months ended June 30, 2021, and after giving effect to certain assumptions and pro-forma adjustments described in the succeeding paragraphs. The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The pro-forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding paragraphs occurred as at June 30, 2021 or as at January 1 of the period presented as the case may be, nor does it purport to project the results of operation of the Company for any future period or date. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent have been satisfied.

For the purpose of the pro-forma statement of comprehensive income, changes in equity and cash flows, the transactions are assumed to have occurred on January 1, 2021 and 2020, the beginning of the period presented. For the purpose of the pro-forma statement of financial position as at June 30, 2021, the transaction is assumed to have occurred on June 30, 2021, the end of the period presented.

I. Pro-forma adjustments to the statement of financial position as of June 30, 2021.

Pro-forma adjustments to the statement of financial position shall be computed assuming the transaction was consummated at the end of the most recent period for which a statement of financial position as required under Revised SRC Rule 68 and shall include adjustments which give effect to events that are directly attributable to the transaction and factually supportable regardless of whether they have a continuing impact or are nonrecurring.

Pro-forma adjustments have been made to include the execution of Property-for-Share Swap Agreement and execution of Lease Agreements with RLC into the pro-forma condensed financial information which resulted in the recognition of the following:

a) Cash amounting to ₱0.00 million;
b) Receivables amounting to ₱273.41 million;
c) Due from a related party of ₱683.60 million;
d) Investment properties amounting to ₱59,203.00 million;
e) Right-of-use asset relating to lease agreement with BCDA amounting to ₱547.92 million;
f) Other noncurrent assets amounting to ₱52.09 million;
g) Deposits and other liabilities amounting to ₱1,324.09 million;
h) Lease liability relating to lease agreement with BCDA amounting to ₱242.85 million;
i) Capital stock of ₱9,924.00 million for the issuance of 9,924.00 million common shares at ₱ 1.00 par value; and
j) Additional paid-in capital amounting to ₱49,269.08 million, which represents the excess of fair value of the Assigned Properties over shares issued in accordance with Property-for-Share Swap and after deducting the share issuance cost of ₱9.92 million

Fair Value Accounting
Under the REIT Law, there is a need to determine the Net Asset Value (NAV). NAV is the adjusted net asset value reflecting the fair values of total assets and investible funds held by the REIT, less total liabilities. Accordingly, the Company will opt to account for the REIT assets at fair value in accordance with PAS 40, *Investment Property* (PAS 40).

Under fair value accounting, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on the "income approach" which are based on the buildings discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The fair values of the assets as at June 30, 2021 and December 31, 2020 have been determined by an independent third-party appraiser (independent appraiser) which provided the valuation reports, while as at January 1, 2020 the fair values have been determined by the Company. Both the valuation was made on the basis of fair value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." To arrive at the fair value of the Assigned Properties, the independent appraiser and the Company used the income approach, specifically the discounted cash flow ("DCF") analysis. This is the method usually used to determine the value of an income-generating property, as it also captures the property's future economic benefits, giving a representation of the relevant property's market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. The significant assumptions used in the valuation as of June 30, 2021, December 31, 2020 and January 1, 2020 are discount rates ranging from 9%-10% and capitalization rate of 4.5% to 5%.

II. Pro-forma adjustments to the pro-forma statement of comprehensive income for the six months ended June 30, 2021

Pro-forma adjustments have been made to include the Assigned Properties statement of comprehensive income for the six months ended June 30, 2021 and considered the execution of Lease Agreements with RLC into the Company's pro-forma condensed financial information as follows:

REVENUE	
Rental income	₱1,956,069,317
Income from dues	401,491,354
Dues - net	29,174,854
	2,386,735,525
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	
Increase in fair value of investment properties	172,445,247
Straight-line adjustment	(37,236,601)
Lease commissions	(1,467,185)
	133,741,461
Other income [(a)]	6,959,652
	2,527,436,638

(Forward)

COSTS AND EXPENSES	
Direct operating costs	₱221,729,609
General and administrative expenses	221,112,737
Interest expense	4,634,951
	447,477,297
INCOME BEFORE INCOME TAX	2,079,959,341
PROVISION FOR INCOME TAX	499,564,231
NET INCOME	1,580,395,110
OTHER COMPREHENSIVE INCOME	–
TOTAL COMPREHENSIVE INCOME	₱1,580,395,110

(a) Other income pertains to income earned from forfeitures and penalties charged to tenants for late payment and net recoveries from tenants for the usage of utilities

Fair Value Accounting

Under fair value accounting, the Assigned Properties are measured using the fair value model using the Income Approach, with changes at the end of each reporting period recorded in the statement of comprehensive income. The Income Approach measures the current value of the Assigned Properties by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The expected cashflows include future cash inflows such as additional rental income through annual rent escalations and cash outflows such as commission.

The straight-line adjustment amounting to ₱37.24 million, represents the lease incentives in the form of rent-free period granted to tenants during the fit-out period. Under PAS 40, the asset that is recognized arising from the rent-free period which is amortized over the lease term is deducted from the fair value gain. Under a fair value model in which cash flows are the primary factors in the determination of the fair values of the assets, the rent-free period did not reduce the cash flows which increased the fair value of the assets. Accordingly, the impact was adjusted against the fair value gain.

The adjustment amounting to ₱1.47 million represents lease commissions that have been previously incurred and paid. Under the fair value accounting, the commissions that would have been a reduction of the cash flows at future period had it been paid correspondingly would have reduced the fair value of the assets. As the commissions have been previously incurred and paid, these have not been treated as cash outflows. Accordingly, the impact was adjusted against the fair value gain.

As discussed in Note 2, the Company will lease two of RLC's PEZA-registered office buildings located in Mandaluyong City namely Robinsons Cybergate 2 and Robinsons Cybergate 3. Under the terms of the planned lease agreements, the Company shall pay RLC a monthly rental fee equivalent to seven percent (7%) of the monthly rental income from the lease of office spaces, retail shops and parking slots to tenants. The planned lease terms are for a period of up to ninety-nine (99) years.

RLC benefits from certain tax incentives such as the 5% Special Tax on Gross Income ("5% Gross Income Tax" or "5% GIT") under Section 24 of Republic Act (R.A.) No. 7916, amended by R.A. No. 8748 on income/operations from/for services to Ecozone IT Enterprises and IT Centers registered with Philippine Economic Zone Authority (PEZA) such as Luisita 1, Cyberpark Delta, Cybergate Naga, Robinsons Cybergate 2 and Robinsons Cybergate 3.

For purposes of the income tax consideration, the 5% GIT has been considered. RLC will assign all the rights and obligations arising from the Registration Agreement it had executed with PEZA for the above-mentioned properties to the Company. The Company will apply and register with the PEZA to take over the registration under the name of RLC with the same terms and conditions under the PEZA registration agreement for the above-mentioned properties.

III. Pro-forma adjustments to the pro-forma statement of comprehensive income for the year ended December 31, 2020

Pro-forma adjustments have been made to include the Assigned Properties statement of comprehensive income for the year ended December 31, 2020 and considered the execution of Lease Agreements with RLC into the Company's pro-forma condensed financial information as follows:

REVENUE	
Rental income	₱3,944,481,041
Income from dues	849,667,389
Dues - net	58,349,707
	4,852,498,137
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	
Increase in fair value of investment properties	1,491,480,268
Straight-line adjustment	(238,854,192)
Lease commissions	(13,645,863)
	1,238,980,213
Other income [(a)]	5,872,887
	6,097,351,237
COSTS AND EXPENSES	
Direct operating costs	399,949,980
General and administrative expenses	452,054,909
Interest expense	9,988,013
	861,992,902
INCOME BEFORE INCOME TAX	5,235,358,335
PROVISION FOR INCOME TAX	1,548,822,506
NET INCOME	3,686,535,829
OTHER COMPREHENSIVE INCOME	–
TOTAL COMPREHENSIVE INCOME	₱3,686,535,829

(a) Other income pertains to income earned from forfeitures and penalties charged to tenants for late payment and net recoveries from tenants for the usage of utilities

PIC Q&A 2018-12, PFRS 15 – Accounting for Common Usage Service (CUSA) Charges
The Assigned Properties adopted PIC Q&A 2018-12, PFRS 15 – Accounting for CUSA in the December 31, 2020 which concludes that real estate developers are generally acting as principal for CUSA.

As a result of the adoption, the Company presented the revenue from CUSA and air-conditioning charges at gross amounts and the related costs as part of costs and expenses which were previously presented together on a net basis as part of revenues.

Shown below is the detailed comparison between current and previous presentations of revenue and expense accounts related to CUSA, air-conditioning charges and utility charges.

	December 31, 2020 (One Year)	
	Current presentation	Previous presentation
Revenue		
Income from dues	**₱849,667,389**	₱–
Income from dues - net	**–**	890,025,396
Dues - net	**58,349,707**	–
Direct Operating Expenses		
Common usage area charges	**(17,991,700)**	–
	₱890,025,396	₱890,025,396

Fair Value Accounting
See related disclosures in 3.II.

IV. Pro-forma adjustments to the pro-forma statement of changes in equity for the six months ended June 30, 2021

1. Pro-forma net income
   Included the pro-forma net income as reflected in the pro-forma statement of comprehensive income for the six months ended June 30, 2021 as discussed in Section 3.II.

2. Issuance of new shares
   Pro-forma adjustments have been made to reflect the issuance of 9,924 million common shares at ₱1.00 par value related to the execution of a Comprehensive Deed of Assignment which resulted to the recognition of capital stock and additional paid-in capital amounting ₱9,924.00 million and ₱49,269.08 million, respectively.

3. Other pro-forma adjustments amounting to ₱1,580.40 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement and execution of Lease Agreements with RLC as reflected in the pro-forma statement of comprehensive income for the year ended December 31, 2020 as discussed in Section 3.III.

V. Pro-forma adjustments to the pro-forma statement of changes in equity for the year ended December 30, 2020

1. Pro-forma net income
   Included the pro-forma net income as reflected in the pro-forma statement of comprehensive income for the year ended December 31, 2020 as discussed in Section 3.III.

2. Issuance of new shares
   Pro-forma adjustments have been made to reflect the issuance of 9,924 million common shares at ₱1.00 par value related to the execution of a Comprehensive Deed of Assignment which resulted to the recognition of capital stock and additional paid-in capital amounting ₱9,924.00 million and ₱49,269.08 million, respectively.

3. Collection of subscription receivable
   Pro-forma adjustments have been made to include the balances the issuance of 18.75 million shares related to the receipt of payment from RLC for its unpaid subscription which resulted to the recognition of capital stock amounting to ₱18.75 million.

4. Other pro-forma adjustments amounting to ₱3,686.54 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement and execution of Lease Agreements with RLC and the pro-forma statement of comprehensive income which assumed the transactions discussed in Section 3.III occurred as of January 1, 2020.

VI. Pro-forma adjustments to the pro-forma statement of cash flows for the six months ended June 30, 2021

1. Pro-forma adjustments have been made to include the balances of the Assigned Properties statement of cash flows for the six months ended June 30, 2021 and considered the execution of Lease Agreements with RLC into the Company's pro-forma condensed financial information as follows:

   a) Pro-forma adjustment relating to pro-forma income before income tax as discussed in Section 3.II;
   b) Pro-forma adjustment for the fair value change in investment properties amounting to ₱133.74 million;
   c) Pro-forma adjustment for interest expense relating to lease liability with BCDA amounting to ₱4.63 million;
   d) Pro-forma adjustment for non-cash amortization or right-of-use asset amounting to ₱14.44 million;
   e) Increase in receivables amounting to ₱27.47 million;
   f) Decrease in accounts and other payables amounting to ₱171.04 million;
   g) Increase in deposits and other liabilities amounting to ₱29.18 million;
   h) Payment of income tax amounting to ₱391.42 million;
   i) Additions to investment properties amounting to ₱2.96 million;
   j) Decrease in other noncurrent assets amounting to ₱0.25 million;
   k) Proceeds from issuance of capital stock amounting to ₱0.00 million.

2. Other pro-forma adjustments amounting to ₱1,401.32 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement, execution of Deed of Assignment and execution of Lease Agreements with RLC and the pro-forma statement of cash flows which assumed the transaction occurred as of January 1, 2021.

VII. Pro-forma adjustments to the pro-forma statement of cash flows for the year ended December 31, 2020.

1. Pro-forma adjustments have been made to include the balances of the Assigned Properties statement of cash flows for the year ended December 31, 2020, the collection of subscription receivable of the Company, and considered the execution of Lease Agreements with RLC into the Company's pro-forma condensed financial information as follows:

   a) Pro-forma adjustment relating to pro-forma income before income tax as discussed in Section 3.III;
   b) Pro-forma adjustment for the fair value change in investment properties amounting to

₱1,238.98 million;
c) Pro-forma adjustment for interest expense relating to lease liability with BCDA amounting to ₱9.99 million;
d) Pro-forma adjustment for non-cash amortization or right-of-use asset amounting to ₱28.30 million;
e) Increase in receivables amounting to₱177.22 million;
f) Increase in accounts and other payables amounting to ₱2.22 million;
g) Decrease in deposits and other liabilities amounting to ₱98.12 million;
h) Payment of income tax amounting to ₱936.69 million;
i) Additions to investment properties amounting to ₱47.18 million;
j) Decrease in other noncurrent assets amounting to ₱2.99 million;
k) Proceeds from issuance of capital stock amounting to ₱18.75 million.

3. Other pro-forma adjustments amounting to ₱2,780.66 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement, execution of Deed of Assignment and execution of Lease Agreements with RLC and the pro-forma statement of cash flows which assumed the transaction occurred as of January 1, 2020.

4. Pro Forma Earnings (Loss) Per Share

The Company's pro-forma basic/diluted earnings (loss) per share for the six months ended June 30, 2021 and year ended December 31, 2020 is computed as follows:

	2021 (Six Months)	2020 (One Year)
Pro-forma net income attributable to the equity holder of the Company	**₱1,535,053,805**	₱3,686,516,879
Divided by weighted average number of common shares	**9,936,813,081**	9,948,997,197
Basic/Diluted earnings per share	**₱0.154**	₱0.371

The Company's loss per share for the six months ended June 30, 2021 and year ended December 31, 2020 is computed as follows:

	2021 (Six Months)	2020 (One Year)
Net loss	**(₱45,341,305)**	(₱18,950)
Weighted average number of common shares outstanding during the period	**12,815,884**	6,250,000
Basic/Diluted loss per share	**(₱3.538)**	(₱0.003)

The Company also assessed that there were no potential dilutive common shares as of June 30, 2021 and December 31, 2020.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

July 12, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Robinsons Realty and Management Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as of June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

Signed this ______ day of ______

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SUBSCRIBED AND SWORN TO BEFORE ME this JUL 1 8 2021 at ______ Philippine Affiant exhibited to me his/ her valid ID NOTY ______ at QUEZON CITY

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 – 1-2-2020/ QC
IBP No. 093586 – 10-22-2019/ QC
Roll No. 30457 – 05-09-80
MCLE VI – 0030379
Adm. Matter No. NP-001(2020-2021)
TIN No. 131-942-754

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

Opinion

We have audited the interim financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation [RLC]) (the Company), which comprise the statements of financial position as at June 30, 2021 and December 31, 2020, and the interim statements of comprehensive income, interim statements of changes in equity (capital deficiency)and interim statements of cash flows for the six months ended June 30, 2021 and 2020, and notes to the interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and December 31, 2020, and its financial performance and its cash flows for the six months ended June 30, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the interim financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the interim financial statements which discusses that on February 21, 2012, the Company's Board of Directors approved the merger of the Company, RLC and Robinson's Inn, Incorporated (wholly-owned subsidiary of RLC), wherein RLC shall be the surviving entity, under the terms and conditions of the Plan of Merger. As of June 30, 2021, the Plan of Merger is no longer being pursued in view of the Company's application for registration as a Real Estate Investment Trust (REIT). Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱25,331,293**	₱–
Receivables from Parent Company (Note 7)	**–**	6,581,793
Other current assets (Notes 1 and 5)	**13,504,551**	–
TOTAL ASSETS	**₱38,835,844**	₱6,581,793
LIABILITY AND EQUITY (CAPITAL DEFICIENCY)		
Current Liability		
Payables to Parent Company (Note 7)	**₱58,845,356**	₱–
Equity (Capital Deficiency) (Note 6)		
Capital stock	**25,000,000**	6,250,000
Retained earnings (Deficit)	**(45,009,512)**	331,793
Total Equity (Capital Deficiency)	**(20,009,512)**	6,581,793
TOTAL LIABILITY AND EQUITY (CAPITAL DEFICIENCY)	**₱38,835,844**	₱6,581,793

See accompanying Notes to Interim Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2021	2020
EXPENSES		
Listing fees (Note 1)	**₱43,863,585**	₱–
Professional fees (Note 1)	**1,476,720**	200
Taxes and licenses	**500**	500
Bank charges	**500**	–
Travel	–	50
NET LOSS/TOTAL COMPREHENSIVE LOSS	**(₱45,341,305)**	(₱750)
Basic/Diluted Loss Per Share (Note 9)	**(₱3.5379)**	(₱0.0001)

See accompanying Notes to Interim Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

INTERIM STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

	For the Six Months Ended June 30	
	2021	2020
CAPITAL STOCK (Note 6)		
Common stock - ₱1 par value		
Balances at beginning of period	**₱6,250,000**	₱6,250,000
Issuance of new shares	**18,750,000**	–
Balances at end of period	**25,000,000**	6,250,000
RETAINED EARNINGS (DEFICIT)		
Balances at beginning of period	**331,793**	350,743
Total comprehensive loss	**(45,341,305)**	(750)
Balances at end of period	**(45,009,512)**	349,993
	(₱20,009,512)	₱6,599,993

See accompanying Notes to Interim Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

INTERIM STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**(₱45,341,305)**	(₱750)
Increase in other current assets	**(13,504,551)**	–
Decrease in accrued expenses	**–**	(35,983)
Net cash flows used in operating activities	**(58,845,856)**	(36,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in receivable from/payable to Parent Company	**65,427,149**	36,733
Receipt of subscriptions receivable (Note 6)	**18,750,000**	–
Cash flows generated from financing activities	**84,177,149**	36,733
NET INCREASE IN CASH	**25,331,293**	–
CASH AT BEGINNING OF PERIOD	**–**	–
CASH AT END OF PERIOD (Note 4)	**₱25,331,293**	₱–

See accompanying Notes to Interim Financial Statements.

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds. The Company is a wholly-owned subsidiary of Robinsons Land Corporation (RLC), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

The registered office address of the Company is at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines. The accounting and administrative functions of the Company are being performed by the employees of RLC.

On February 21, 2012, the Company's Board of Directors (BOD) approved the merger of the Company, RLC and Robinson's Inn, Incorporated (RII) wherein RLC shall be the surviving entity under the terms and conditions of the Plan of Merger. Both the Company and RII are wholly-owned subsidiaries of RLC. In view of the Company's application for registration as a Real Estate Investment Trust (REIT) as of June 30, 2021, the merger is no longer being pursued.

Amendment of the Articles of Incorporation
On April 15, 2021, the Board of Directors (BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation resulting to, among other things, the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ("the REIT Act"), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Execution of Property-for-Share Swap Agreement
On April 15, 2021, a Comprehensive Deed of Assignment (Deed of Assignment) was executed between the Company and RLC for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional

shares (the Property-for-Share Swap). Ownership of the land on which the Assigned Properties are situated shall remain with RLC.

The Assigned Properties consists of: (i) the buildings and related immovable properties in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center.

The amendments to the Company's Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC. As of June 30, 2021, the Company has already filed the amendments, pending approval from the SEC.

Status of Operation
The Company incurred net losses amounting to ₱45,341,305 and ₱750 in the six months ended June 30, 2021 and 2020, respectively, resulting in capital deficiency of ₱20,009,512 as at June 30, 2021, and the Company has negative operating cash flows of ₱58,845,856 and ₱36,733 in the six months ended June 30, 2021 and 2020, respectively.

The Company reported capital deficiency as of June 30, 2021 due to the listing and professional fees incurred as RLC intended to use the Company as its vehicle for its REIT listing. Management believes that the capital deficiency is very temporary as the related expenses are non-recurring and incidental only brought about by the intention to list as REIT. Once the Company secured the approvals from regulators on the issuance of shares upon infusion of the Assigned Properties, the capital deficiency will revert to capital. Accordingly, the financial statements were prepared on a going concern basis.

Approval of Interim Financial Statements
The interim financial statements of the Company as at and for the six months ended June 30, 2021 and 2020 were authorized for issue by the BOD on July 12, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The interim financial statements of the Company have been prepared on a historical cost basis. The interim financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. Amounts are rounded off to the nearest peso, except when otherwise indicated.

The interim financial statements of the Company have been prepared for inclusion in the prospectus in relation to a planned REIT listing for submission to the SEC.

The Company also prepared interim combined carve-out financial statements for all the periods shown in this interim financial statement which can be obtained from its registered address. The interim combined carve-out financial statements have been prepared by separating the historical financial information of the Assigned Properties subject of the Property-for-Share Swap out of the Parent Company's historical financial information.

Statement of Compliance
The interim financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). The Company is exempted from applying PFRSs for Small and Medium-sized Entities since it is part of a group that is reporting under the full PFRSs.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except the adoption of the following new accounting pronouncements starting January 1, 2021. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*
- Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Standards Issued but Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its interim financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 12, *Income Taxes*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Summary of Significant Accounting and Financial Reporting Policies
The significant accounting policies that have been used in the preparation of the interim financial statements are summarized below.

Current versus Non-current Classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments
The Company recognizes a financial asset in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial Assets
Initial recognition
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely for payment of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets as of June 30, 2021 consists of financial assets at amortized cost. The Company has no financial assets at FVOCI and FVTPL as of June 30, 2021.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include cash and receivable from Parent Company.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

As of June 30, 2021, the financial liabilities of the Company are classified as other financial liabilities at amortized cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities.

All loans and other borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and other borrowings are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the interim statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

This accounting policy applies primarily to the Company's payable to Parent Company.

Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in statement of financial position. The Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the interim statement of comprehensive income.

Other Assets
Other assets are recognized in the statement of financial position when it is probable that the future economic benefits will flow to the Company and the assets have cost or value that can be measured reliably. This account includes deferred costs relating to the planned REIT listing of the Company. As disclosed in Note 1, the Company is in the process of application for registration as a REIT, portion of the costs already incurred are charged to other assets and will subsequently be allocated to equity once shares are issued.

Equity
Capital stock
Capital stock is recognized as 'issued' when the stock is paid for or 'subscribed' under a binding subscription agreement and is measured at par value. Subscription receivable pertains to the uncollected portion of the subscribed shares.

Retained Earnings (Deficit)
Retained earnings (deficit) represent accumulated earnings (losses) of the Company.

Earnings (loss) per share
Basic earnings (loss) per share is computed by dividing net income (loss) applicable to common stock by the weighted average number of common shares outstanding, after considering the retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted earnings (loss) per share is computed by dividing net income (loss) attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding plus the weighted average number of shares that will be issued on the conversion of all dilutive potential common shares into common shares.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Transaction costs that are directly attributable to issuing new shares are deducted from equity, net of any related income tax benefit. Costs that are not directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income. Transaction costs that relate jointly to more than one transaction are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions. The Company followed the allocation discussed in PIC Q&A No. 2018-13 of PFRS 9, *Financial Instruments: Presentation,* which is based on the proportion of the number of new shares sold compared to the total number of outstanding shares immediately after the new share issuance..

Segment Reporting

The Company's business is organized and managed according to the nature of the products and services provided. As of June 30, 2021 and December 31, 2020, the Company has no operating business segments yet (see Note 11).

Provisions

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the interim financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the interim financial statements but disclosed in the notes to interim financial statements when an inflow of economic benefits is probable.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, with certain exceptions and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income/liability will be available against which the deductible temporary differences and carryforward benefits of the unused MCIT and NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income/liability will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income/liability will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Events After the Reporting Period

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's interim financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effect of any change in judgments and estimates are reflected in the interim financial statements, as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgment which have the most significant effect on the amounts recognized in the interim financial statements:

Estimating realizability of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred income asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. However, there is no assurance that the Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of June 30, 2021 and December 31, 2020, the Company did not recognize deferred tax asset on temporary difference of amounting to ₱11,780,158 and ₱21,878, respectively, as the management believes that it may not be probable that sufficient taxable income will be available against which this can be applied (see Note 7).

4. Cash

This account consists of cash in bank amounting to ₱25,331,293 and nil as of June 30, 2021 and December 31, 2020, respectively. Cash in bank earns interest at the prevailing bank deposit rates. No interest income was earned yet from cash in bank for the six months ended June 30, 2021 and 2020.

There are no restrictions on the Company's cash balances as of June 30, 2021.

5. Other Current Assets

This account pertains to deferred costs relating to the planned REIT listing of the Company. As disclosed in Note 1, the Company is in the process of applying for registration as a REIT. Portion of the costs incurred are deferred and recognized as other current assets and will subsequently be allocated to equity once shares are issued. This consists of professional fees for assurance services, fairness opinion and valuation report and appraisal services amounting to ₱8,906,135, ₱2,952,562 and ₱1,645,854, respectively (see Note 7).

6. Equity (Capital Deficiency)

Capital stock
Details of this account follow:

	June 30, 2021	December 31, 2020
Common stock - ₱1 par value		
Authorized	**100,000,000**	100,000,000
Issued and outstanding		
Balances at beginning of the period	**₱6,250,000**	₱6,250,000
Issuance of new shares	**18,750,000**	–
Balances at end of period	**₱25,000,000**	₱6,250,000
Number of shares	**25,000,000**	6,250,000

In 2021, the Company received a total of ₱18,750,000 million from the Parent Company representing its payment for its unpaid subscription. Accordingly, a total of Eighteen Million Seven Hundred Fifty Thousand (18,750,000) shares were issued at ₱1 par value per share.

Capital Management
The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the six months ended June 30, 2021 and the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

7. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Outstanding balances as at June 30, 2021 and December 31, 2020 are unsecured, interest free and require settlement in cash, unless otherwise stated. As of June 30, 2021 and December 31, 2020, the Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Details of related party transactions follow:

	June 30, 2021			
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms**	**Conditions**
Payable to Parent Company	**(₱65,427,149)**	**(₱58,845,356)**	Payable on demand; noninterest bearing	Unsecured
	December 31, 2020			
Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivable from Parent Company	(₱54,933)	₱6,581,793	Payable on demand; noninterest bearing	Unsecured and not impaired

As of June 30, 2021, the payable represent cash advances from the Parent Company for the payments made covering listing fees, professional fees and other expenses (see Notes 1 and 5). For the six months ended June 30, 2021, ₱45,340,305 of these costs were charged to interim statements of comprehensive income, while ₱13,504,551 were deferred as part of other current assets and will subsequently be allocated to equity once shares are issued.

The receivable as of December 31, 2020 represent cash advances to the Parent Company which was fully settled as at June 30, 2021.

8. Income Taxes

There is no provision for current income tax for the six months ended June 30, 2021 and 2020 since the Company is in tax loss position. For the six months ended June 30, the reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

	2021	2020
Statutory income tax rate at 20% & 30%, respectively	**(₱9,068,261)**	(₱5,685)
Additions to (reductions in) income tax resulting from:		
Movements in unrecognized deferred tax asset	**11,769,171**	(5,685)
REIT listing costs	**(2,700,910)**	–
	₱–	₱–

As of June 30, 2021 and December 31, 2020, the Company did not recognize deferred tax assets from NOLCO amounting to ₱11,780,158 and ₱21,878, respectively.

Bayanihan to Recover as One Act
Republic Act No. 11494 or the Bayanihan to Recover as One Act was signed into law on September 11, 2020. Pursuant to Revenue Regulations No. 25-2020 implementing relevant provisions of the Bayanihan to Recover as One Act relative to NOLCO, unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of the Bayanihan to Recover as One Act, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

Details of NOLCO incurred for taxable period June 30, 2021 and December 31, 2020 which are available for offset against future taxable income over a period of five (5) years are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2021	₱58,845,856	₱–	₱58,845,856	2026
2020	18,950	–	18,950	2025
	₱58,864,806	₱–	₱58,864,806	

As of June 30, 2021, the details of NOLCO incurred for taxable years prior to 2020 which are available for offset against future taxable income over a period of three (3) are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2019	₱35,983	₱–	₱35,983	2022
2018	17,994	17,994	–	2021
	₱53,977	₱17,994	₱35,983	

Movement in NOLCO follows:

	2021	2020
Beginning balances	**₱72,927**	₱77,213
Additions	**58,845,856**	18,950
Expirations	**(17,994)**	(23,236)
Ending balances	**₱58,900,789**	₱72,927

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year; the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Company had been subjected to lower regular corporate income tax rate of 20% effective July 1, 2020. This resulted to lower unrecognized deferred tax assets for NOLCO incurred as of December 31, 2020 by ₱5,493.

9. Basic/Diluted Loss Per Share

The Company's basic/diluted loss per share for the six months ended June 30 were computed as follows:

	2021	2020
Net loss	**(₱45,341,305)**	(₱750)
Weighted average number of common shares outstanding during the period	**12,815,884**	6,250,000
Basic/Diluted loss per share	**(₱3.5379)**	(₱0.0001)

	2021	2020
Common shares outstanding at beginning of period	**4,061,372**	6,250,000
Weighted average number of common shares issued during the period	**8,754,512**	–
Weighted average number of common shares outstanding during the period	**12,815,884**	6,250,000

For the six months ended June 30 2021 and 2020, the Company computed the weighted average number of common shares outstanding as follows:

As of June 30, 2021 and 2020, the Company has no dilutive shares.

10. Financial Instruments

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash equivalents and advances from Parent Company. The main purpose of these financial instruments is to raise fund for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligation as they fall due.

The Company's financial assets and financial liabilities are due and demandable.

Credit risk
The Company's holding of cash in bank exposes the Company to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations, and the Company subsequently suffers financial loss. Credit risk management involves dealing only with counterparties for which credit limits have been established.

The Company monitors receivable balances on an ongoing basis with the result that the Company's exposure to impairment loss is not significant. The Company trades only with related parties. The Company's receivable from Parent Company amounting to nil and ₱6,581,793 are current and collectible as of June 30, 2021 and December 31, 2020, respectively (see Note 7).

Credit quality per class of financial assets
The Company classifies its cash and receivable from Parent Company as high-grade financial assets. High grade financial assets are those assets whose realizability is assured.

The Company has no significant concentration of credit risk.

Fair Values
The Company has determined that carrying amount of cash and receivable from and payable to Parent Company, reasonably approximates their fair values due to the relatively short-term maturity of these financial instruments. The receivable and payables are due and demandable and non-interest bearing.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the interim financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As of June 30, 2021 and December 31, 2020, there were no transfers between Level categories. There was no change in the valuation techniques used by the Company in determining the fair market value of the assets and liabilities.

11. Segment Reporting

As of June 30, 2021 and December 31, 2020, the Company has no operating business segments yet. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment as defined by PFRS 8, *Operating Segments.*

12. **Continuing Impact of COVID-19 Pandemic**

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The COVID-19 pandemic has caused disruptions in the Company's business activities. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

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Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

We have audited the interim financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) as at June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021 and 2020, on which we have rendered the attached report dated July 12, 2021.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has only one (1) stockholder owning more than one hundred (100) shares.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

INDEX TO THE INTERIM FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the interim financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company) as at June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020, and have issued our report thereon dated July 12, 2021. Our audits were made for the purpose of forming an opinion on the basic interim financial statements taken as a whole. The schedules listed in the Index to the Interim Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic interim financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic interim financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic interim financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
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July 12, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY REVISED SRC RULE 68 AND 68.1

JUNE 30, 2021

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribes the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company). This information is presented for purposes of filing with the SEC and is not required part of the basic interim financial statements.

Schedule A. Financial Assets
The entity's Financial Assets comprises only of cash in bank amounting ₱25,331,293 and recognized separately in the financial statements. Accordingly, the separate schedule that is required is no longer presented herein.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

As of June 30, 2021, there are no receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties). However, outstanding receivable from Parent Company as of December 31, 2020 amounting to ₱6,581,793 was fully collected during the period.

Schedule C. Amounts Receivable from Related Parties, which are eliminated during the consolidation of financial statements
This schedule is not applicable to the Company.

Schedule D. Intangible Assets – Other Assets
As of June 30, 2021, the Company has no intangible assets, thus not applicable.

Schedule E. Long term debt
The Company has no long-term debt, thus this schedule is not applicable to the Company.

Schedule F. Indebtedness to Related Parties
As of June 30, 2021, the amount of payable to the Parent Company is:

Category	Outstanding Balance	Terms	Conditions
Payable to Parent Company	**₱58,845,356**	Payable on demand; noninterest bearing	Unsecured

Schedule G. Guarantees of Securities of Other Issuers

This is not applicable to the Company since it does not have a guarantee of securities of other issuers as of June 30, 2021.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	100,000,000	25,000,000	–	24,999,990	4	6

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

UNAPPROPIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION
JUNE 30, 2021

The Company is at deficit as of June 30, 2021, there are no retained earnings available for dividend distribution.

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6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the interim financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company) as at June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020, and have issued our report thereon dated July 12, 2021. Our audits were made for the purpose of forming an opinion on the basic interim financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic interim financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the interim financial statements as at June 30, 2021 and December 31, 2020, and for the six months ended June 30, 2021 and 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

July 12, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

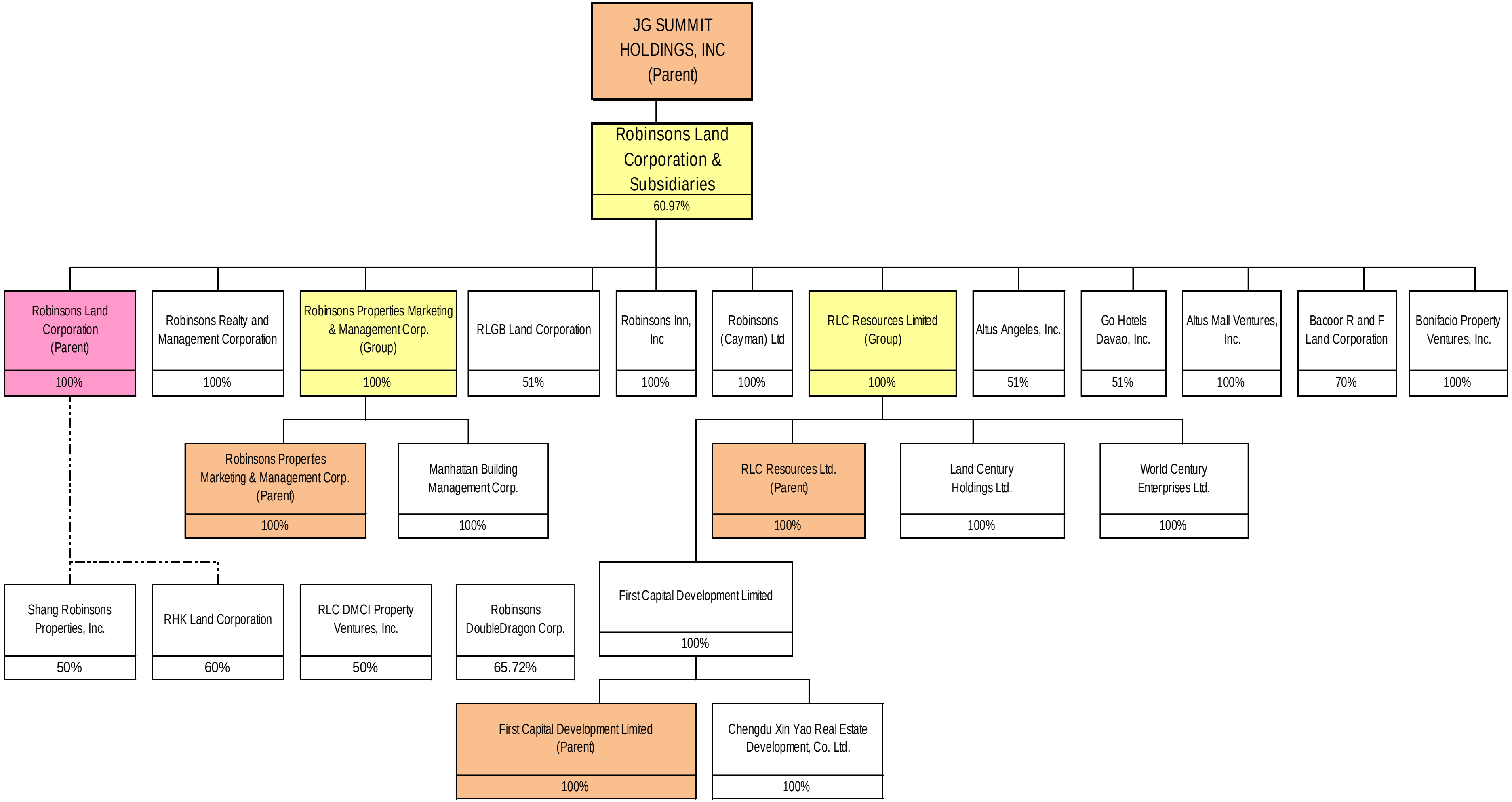
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

Below are the financial ratios that are relevant to the Company:

Financial Ratios		**June 30, 2021**	December 31, 2020
Current ratio	Current assets / Current liabilities	0.66	–
Acid test ratio	Quick Assets [Quick assets include cash] / Current liabilities	0.66	–
Solvency ratio	Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) / Total debt [includes short-term debt, long-term debt, and current portion of long-term debt]	(0.77)	–
Debt to equity ratio	Total Interest-bearing bank debt / Total Shareholders' Equity	–	–
Asset to equity ratio	Total asset / Total Equity	(1.94)	1.00
Interest coverage ratio	EBITDA / Interest expense [from interest bearing bank debt]	–	–
Return on equity	Net income / Average Stockholders' Equity	(6.75)	(0.002)
Return on assets	Net income / Average total assets	(2)	(0.002)
Net profit margin	Net income / Total Revenue	–	–

Map of the Relationships of the Company within the Group

Below is a map showing the relationship between and among the Group and its Parent and Ultimate Parent Company as of June 30, 2021:



ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

May 10, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of **Robinsons Realty and Management Corporation** (the Company) is responsible for the preparation and fair presentation of the combined carve-out financial statements including the schedules attached therein for the years ended December 31, 2020, 2019, 2018 and 2017 covering the twelve (12) office assets to be transferred to the Company, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the combined carve-out financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the combined carve-out financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

Signed this ______ day of ______

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

Opinion

We have audited the combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties), which comprise the combined carve-out statements of financial position as at December 31, 2020, 2019, 2018 and 2017 and the combined carve-out statements of comprehensive income, combined carve-out statements of changes in equity and combined carve-out statements of cash flows for the years then ended, and notes to the combined carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined carve-out financial statements present fairly, in all material respects, the financial position of the Assigned Properties as at December 31, 2020, 2019, 2018 and 2017 and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Carve-out Financial Statements* section of our report. We are independent of the Assigned Properties in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the combined carve-out financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the combined carve-out financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

.

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

Those charged with governance are responsible for overseeing the Assigned Properties' financial reporting process

Auditor's Responsibilities for the Audit of the Combined Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined carve-out financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Assigned Properties' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assigned Properties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Assigned Properties to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined carve-out financial statements, including the disclosures, and whether the combined carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

May 10, 2021

RLC REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF FINANCIAL POSITION

	December 31			
	2020	2019	2018	2017
ASSETS				
Current Assets				
Cash (Notes 5 and 19)	**₱70,000**	₱80,000	₱80,000	₱50,000
Receivables (Notes 6, 13, 17 and 19)	**1,203,245,400**	920,311,289	759,643,004	464,430,418
Other current assets (Note 7)	**44,902,632**	53,533,864	426,095,080	546,477,341
Total Current Assets	**1,248,218,032**	973,925,153	1,185,818,084	1,010,957,759
Noncurrent Assets				
Investment properties (Note 8)	**9,020,605,155**	9,525,567,153	9,879,207,432	9,312,127,627
Property and equipment (Note 9)	**1,529,035**	1,866,121	2,411,538	1,280,286
Right-of-use assets (Notes 3 and 17)	**412,694,607**	434,257,237	–	–
Other noncurrent assets (Note 7)	**46,161,941**	71,880,335	98,105,459	229,869,803
Total Noncurrent Assets	**9,480,990,738**	10,033,570,846	9,979,724,429	9,543,277,716
	₱10,729,208,770	₱11,007,495,999	₱11,165,542,513	₱10,554,235,475
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued expenses (Notes 10 and 19)	**₱470,505,931**	₱499,626,768	₱552,725,780	₱543,652,751
Deposits and other current liabilities (Notes 11 and 19)	**237,082,293**	263,925,093	299,859,375	140,151,599
Income tax payable (Note 18)	**584,696,929**	496,667,077	359,787,240	212,613,042
Total Current Liabilities	**1,292,285,153**	1,260,218,938	1,212,372,395	896,417,392
Noncurrent Liabilities				
Deferred tax liabilities – net (Note 18)	**555,739,050**	537,454,402	507,193,289	399,986,501
Lease liabilities (Notes 3 and 17)	**130,893,199**	120,674,331	–	–
Deposits and other noncurrent liabilities (Notes 11 and 19)	**791,538,039**	845,987,507	707,602,108	738,142,952
Total Noncurrent Liabilities	**1,478,170,288**	1,504,116,240	1,214,795,397	1,138,129,453
Total Liabilities	**2,770,455,441**	2,764,335,178	2,427,167,792	2,034,546,845
Stockholders' Equity				
Invested equity (Note 12)	**7,958,753,329**	8,243,160,821	8,738,374,721	8,519,688,630
	₱10,729,208,770	₱11,007,495,999	₱11,165,542,513	₱10,554,235,475

See accompanying Notes to Combined Carve-out Financial Statements.

RLC REIT PROPERTIES

COMBINED CARVE-OUT STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31			
	2020	2019	2018	2017
REVENUE				
Rental income (Notes 8, 13, 14 and 17)	**₱2,951,984,646**	₱2,723,817,777	₱2,383,740,718	₱1,720,351,801
Income from dues - net (Note 14)	**624,027,562**	596,970,927	494,897,043	355,826,121
	3,576,012,208	3,320,788,704	2,878,637,761	2,076,177,922
Other income (Note 15)	**4,933,036**	10,609,128	11,448,214	16,833,671
	3,580,945,244	3,331,397,832	2,890,085,975	2,093,011,593
COSTS AND EXPENSES				
Direct operating expenses (Note 16)	**843,246,656**	834,581,074	738,275,629	544,375,377
General and administrative expenses (Note 16)	**225,080,408**	194,424,753	197,105,688	137,066,399
Interest expense (Note 17)	**10,218,868**	9,505,635	–	–
	1,078,545,932	1,038,511,462	935,381,317	681,441,776
INCOME BEFORE INCOME TAX	**2,502,399,312**	2,292,886,370	1,954,704,658	1,411,569,817
PROVISION FOR INCOME TAX (Note 18)	**728,295,089**	679,902,869	579,358,861	421,870,273
NET INCOME	**1,774,104,223**	1,612,983,501	1,375,345,797	989,699,544
OTHER COMPREHENSIVE INCOME (Note 2)	**–**	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱1,774,104,223**	₱1,612,983,501	₱1,375,345,797	₱989,699,544

See accompanying Notes to Combined Carve-out Financial Statements.

RLC REIT PROPERTIES

COMBINED CARVE-OUT STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Years Ended December 31			
	2020	2019	2018	2017
STOCKHOLDERS' EQUITY (Note 12)				
Invested Equity				
Balance at beginning of year	**₱8,243,160,821**	₱8,738,374,721	₱8,519,688,630	₱6,698,959,993
Contributions to (distributions of) invested equity	**(2,058,511,715)**	(2,108,197,401)	(1,156,659,706)	831,029,093
Total comprehensive income	**1,774,104,223**	1,612,983,501	1,375,345,797	989,699,544
Balance at end of year	**₱7,958,753,329**	₱8,243,160,821	₱8,738,374,721	₱8,519,688,630

See accompanying Notes to Combined Carve-out Financial Statements.

RLC REIT PROPERTIES
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

	Years Ended December 31			
	2020	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱2,502,399,312**	₱2,292,886,370	₱1,954,704,658	₱1,411,569,817
Adjustments for:				
Depreciation (Notes 8, 9 and 16)	**574,428,691**	610,462,199	519,465,347	389,152,990
Interest expense (Notes 16 and 17)	**10,218,868**	9,505,635	–	–
Operating income before working capital changes	**3,087,046,871**	2,912,854,204	2,474,170,005	1,800,722,807
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables (Note 6)	**(282,934,111)**	(160,668,285)	(295,212,586)	(153,111,242)
Other current assets (Note 7)	**8,631,232**	27,968,959	120,382,261	27,892,274
Increase (decrease) in:				
Accounts payable and accrued expenses (Note 10)	**(29,120,837)**	(53,099,012)	9,073,029	273,290,595
Deposits and other liabilities (Note 11)	**(81,292,268)**	102,451,117	129,166,932	183,555,390
Cash generated from operations	**2,702,330,887**	2,829,506,983	2,437,579,641	2,132,349,824
Income tax paid	**(621,980,589)**	(512,761,918)	(324,977,875)	(408,064,967)
Net cash flows provided by operating activities	**2,080,350,298**	2,316,745,065	2,112,601,766	1,724,284,857
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to:				
Investment properties (Notes 8 and 22)	**(47,184,878)**	(223,957,392)	(960,606,052)	(2,739,901,725)
Property and equipment (Note 9)	**(382,099)**	(554,047)	(1,818,248)	(660,694)
Decrease in other noncurrent assets	**25,718,394**	26,225,124	131,764,344	462,588,021
Net cash flows used in investing activities	**(21,848,583)**	(198,286,315)	(830,659,956)	(2,277,974,398)
CASH FLOWS FROM FINANCING ACTIVITY				
Contributions to (distributions of) invested equity	**(2,058,511,715)**	(2,118,458,750)	(1,281,911,810)	553,709,541
NET INCREASE (DECREASE) IN CASH	**(10,000)**	–	30,000	20,000
CASH AT BEGINNING OF YEAR	**80,000**	80,000	50,000	30,000
CASH AT END OF YEAR (Note 5)	**₱70,000**	₱80,000	₱80,000	₱50,000

See accompanying Notes to Combined Carve-out Financial Statements.

RLC REIT PROPERTIES
NOTES TO COMBINED CARVE-OUT FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease or otherwise, and to own, develop, sell, mortgage, lease, and hold for investment or otherwise, real estate of all kinds. It is a wholly-owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

On April 15, 2021, the Board of Directors and stockholders of the Company approved the amendments to the Company's Articles of Incorporation resulting to the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ('the REIT Act'), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Furthermore, Comprehensive Deed of Assignment was executed between the Company and RLC on April 15, 2021 for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap).

The amendments to the Company's Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

The Assigned Properties consists of : (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center.

Prior to approval and effectivity of the Property-for-Share Swap, the accompanying combined carve-out financial statements have been prepared to provide the historical financial position and performance and cash flows of the Assigned Properties as at and for the years ended

December 31, 2020, 2019, 2018 and 2017. They were authorized for issue by the BOD on May 10, 2021.

2. Basis of Preparation

The accompanying combined carve-out financial statements have been prepared by separating the historical financial information of the Assigned Properties subject of the Property-for-Share Swap out of the Parent Company's consolidated financial statements prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). Furthermore, these combined carve-out financial statements provide comparative information in respect of the previous periods.

The Company also prepared statutory financial statements for all the periods shown in this combined carve-out financial statements which can be obtained from its registered address. The statutory financial information of the Company, as separate legal entity, is different from the financial information of the Assigned Properties which is the subject to the accompanying combined carve-out financial statements.

Until the Property-for-Share Swap is approved by the SEC, said financial information shall remain to be presented as a part of the Parent Company's consolidated financial statements and not in the stand-alone financial statements of the Company.

These combined carve-out financial statements have been prepared on a going concern basis under the historical cost convention. Amounts are presented in Philippine Peso (₱), the Assigned Properties' functional currency. Unless otherwise indicated, all amounts are rounded to the nearest Peso.

The accompanying combined carve-out financial statements of the Assigned Properties have been prepared for inclusion in the REIT plan for submission to the SEC.

PFRSs do not include specific guidance for preparation of combined and carved out financial statements. The principles used in the preparation of combined and carved out financial statements of the Assigned Properties are as follows:

- The combined carve-out financial statements are based on historical income and expenses, assets, liabilities, equity and cash flows of the combining assets. Equity is determined by combining the historical accumulated earnings of the combining assets, adjusted for the effects of elimination of intra-company transactions among and within RLC. The individual financial information of each of the combining assets are prepared in accordance with PFRSs.

- The historical financial information of the combined assets were carved-out from the accounting systems and records of RLC given their distinct cost and profit center codes. The carved-out financial information presented herein reflects income and expenses, assets, liabilities and cash flows that have formed part of the combined assets' historical financial information. These include, among others, (i) working capital directly attributable and identifiable to the combined assets; (ii) third party debt and related expenses directly attributable to the real estate assets, if any, and (iii) income taxes in accordance with PAS 12 *Income Taxes*, as if the combining assets is a separate taxpayer.

None of RLC's external debts were allocated to the combined assets, and accordingly, none of RLC's debt and interest expense were allocated to the carved out financial information related to the combined assets.

- Each of the investment properties has neither formed part of any separate legal entities nor presented any stand-alone financial statements, and accordingly, it is not practicable to present share capital or an analysis of equity reserves. The net assets attributable to the combined assets, excluding the cumulative earnings, are represented by capital invested in assets and shown as 'Invested Equity' in the combined carve-out statements of financial position.

The accounting policies and method of computation adopted in the preparation of the combined carve-out financial statements are consistent with those followed in the preparation of the RLC's annual consolidated financial statements as at and for the years ended December 31, 2020, 2019, 2018 and 2017.

Basis of Combination

The combined carve-out financial statements comprise the financial information of the following Assigned Properties as at and for the years ended December 31, 2020, 2019, 2018 and 2017.

Property	Location
Cyberscape Alpha (Alpha)	Sapphire and Garnet Roads, Pasig City
Cyberscape Beta (Beta)	located along Ruby and Topaz Roads, Pasig City
Tera Tower (Tera)	Bridgetowne, C5 Road, Quezon City
Cyber Sigma (Sigma)	Fort Bonifacio, Taguig City
Exxa-Zeta Tower	Bridgetowne, C5 Road, Quezon City
Robinsons Cybergate Cebu (Cybergate Cebu)	Fuente Osmena, Bo. Capitol, Cebu City
Robinsons Galleria Cebu (Galleria Cebu)	Gen. Maxilom Ave., Cebu City
Robinsons Place Luisita 1 (Luisita 1)	Luisita, Tarlac City
Cybergate Naga (Naga)	Roxas Ave., Naga City
Cybergate Delta 1 (Delta)	JP Laurel Ave., Davao City
Robinsons Equitable Tower (RET)	Cor., ADB and Poveda Streets, Pasig City
Robinsons Summit Center (RSC)	Ayala Ave., Makati City

The individual financial information of the combining assets, which were prepared for the same reporting period using their own set of accounting policies, are adjusted to the accounting policies of the RLC when combined financial statements are prepared. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full.

There are no other comprehensive income (OCI) items that have been included in the combined carve-out financial statements as of the periods ended December 31, 2020, 2019, 2018 and 2017.

Statement of Compliance

The accompanying combined carve-out financial statements have been prepared in accordance with recognition, measurement and presentation principles that are consistent with Philippine Financial Reporting Standards (PFRSs) which include the availment of the relief granted by the SEC under Memorandum Circular No. 4-2020 and Memorandum Circular Nos. 14-2018 and 3-2019 for the Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

3. Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Assigned Properties has adopted the following new accounting pronouncements starting January 1, 2020. Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Assigned Properties' financial position or performance.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Assigned Properties adopted the amendments beginning January 1, 2020. As there are no rent concessions granted to t as a lessee, these amendments had no impact on the combined carve-out financial statements.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments provide a new definition of material that states 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the content of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

Revenue and Cost Recognition

Revenue Recognition effective January 1, 2018

Income outside the scope of PFRS 15

Rental income
The Assigned Properties' investment properties are leased out to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Rental income is not recognized when the Assigned Properties waives its right to collect rent and other charges under a lease concession. This is recognized as a rent concession and reported as a variable payment in the Assigned Properties' combined carve-out statement of comprehensive income (see Note 14).

Income from dues - net
Income from dues are recognized when the related services are rendered. CUSA, air-conditioning, electricity and water dues in excess of actual charges and consumption are recorded as revenue. Common usage service area (CUSA) and air-conditioning charges are computed based on rates stated on the executed contracts of lease multiplied by the gross leasable area occupied by the tenant. Income from dues is presented net of related costs and expenses.

Other income
Other income is recognized when the related services have been rendered and the right to receive payment is established.

Disaggregated revenue information
The non-lease component of the Assigned Properties' revenue arises from income from CUSA, air-conditioning dues and utilities. The Assigned Properties' performance obligations are to ensure that common areas are available for general use of its tenants and to provide for uninterrupted air-conditioning and utility services such as water and electricity (Note 14).

Allocation of transaction price to performance obligation
Each of the non-lease component is considered a single performance obligation, therefore it is not necessary to allocate the transaction price. These services are capable of being distinct from the other services and the transaction price for each service is separately identified in the contract.

Timing of revenue recognition
Revenue from common area charges and utilities dues are recognized over time since the tenants simultaneously receives and consumes the services provided by the Assigned Properties. The Assigned Properties determined that the output method best represents the recognition pattern for revenue from utilities dues since this is recognized based on the actual consumption of the tenants.

Deferral of Philippine Interpretations Committee Question and Answers (PIC Q&As) on Accounting for Common Usage Service Area (CUSA)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. This includes accounting for CUSA charges discussed in PIC Q&A No. 2018-12-H which concludes that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 for a period of three years. The deferral will only be applicable for real estate transactions. Effective January 1, 2021, the Assigned Properties will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Assigned Properties presents its revenue from CUSA, air-conditioning charges and excess of electricity and water dues on a net basis as part of revenues. Had the Assigned Properties opted to not avail of the relief from the deferral and will comply in full requirement of PIC Q&A 2018-12, the Assigned Properties will present the revenue from CUSA and air-conditioning charges at gross amounts and the related costs as part of costs and expenses (see Note 14).

Costs and General and Administrative Expense
Costs and expenses are recognized in the combined carve-out statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Revenue Recognition prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Assigned Properties and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the consideration received or receivable, taking into the account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

Rental income
The Assigned Properties leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the

lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Other income
Other income is recognized when earned.

Cost Recognition for all periods presented

Costs and General and Administrative Expense
Costs and expenses are recognized in the combined carve-out statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the combined carve-out statement of comprehensive income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the combined carve-out statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

The Assigned Properties recognizes common costs paid and allocated by the Ultimate Parent Company among the Assigned Properties' assets based on the proportion of each assets' total revenue contribution (see Note 13).

<u>Leases</u>

The Assigned Properties assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Assigned Properties obtains substantially all the economic benefits from the use of the asset, whether the Assigned Properties has the right to direct the use of the asset.

The Assigned Properties as Lessee effective January 1, 2019

Except for short-term leases and leases of low-value assets, the Assigned Properties recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

Right-of-use assets
The Assigned Properties recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset,

restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Assigned Properties is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the remaining lease term of up to approximately 19 years.

ROU assets are subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

Lease liabilities
At the commencement date of the lease, the Assigned Properties recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Assigned Properties and payments of penalties for terminating a lease, if the lease term reflected the Assigned Properties exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Assigned Properties uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases
The Assigned Properties applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The Assigned Properties as a Lessee prior to January 1, 2019

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Assigned Properties as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense under 'Cost of sales and services' and 'General administrative expenses' in profit or loss in the combined carve-out statement of comprehensive income on a straight-line basis over the lease term.

The Assigned Properties as Lessor (applicable to all periods)

Leases where the Assigned Properties does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the combined carve-out statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases where the Assigned Properties transfers substantially all the risk and benefits of ownership of the assets are classified as finance leases. The Assigned Properties recognizes assets held under a finance lease in its combined carve-out statement of financial position as a receivable at an amount equal to the net investment in the lease. The lease payments received from the lessee are treated as repayments of principal and finance income. Initial direct costs may include commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the lease. They are included in the measurement of the net investment in the lease at inception and reflected in the calculation of the implicit interest rate. The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Current and Noncurrent Classification
The Assigned Properties presents assets and liabilities in the combined carve-out statements of financial position based on a current and noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash
Cash includes cash on hand.

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Assigned Properties' business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Assigned Properties' has applied the practical expedient, the Assigned Properties initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Assigned Properties has applied the practical expedient are measured at its transaction price.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that passes the 'solely payments of principal and interest' on the principal amount outstanding (SPPI criterion). This assessment is referred to as the SPPI test and is performed at an instrument level.

The Assigned Properties' business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Assigned Properties commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) (FVOCI with recycling)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI with no recycling)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Assigned Properties. The Assigned Properties measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Assigned Properties' financial assets at amortized cost include cash in banks and receivables.

The Assigned Properties has no financial assets under FVOCI with or without recycling and FVTPL categories.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Assigned Properties' financial liabilities include accounts and other payables, security deposits and construction bonds.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
This is the category most relevant to the Assigned Properties. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to accounts and other payables, deposits and other liabilities.

Derecognition of Financial Instruments

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognized when (i.e., removed from the combined carve-out statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Assigned Properties has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Assigned Properties has transferred substantially all the risks and rewards of the asset, or (b) the Assigned Properties has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Assigned Properties has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Assigned Properties continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Assigned Properties also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Assigned Properties has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Assigned Properties could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Assigned Properties recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Assigned Properties expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash in banks, the Assigned Properties applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Assigned Properties' policy to measure ECLs on such instruments on a 12-month basis. However, were there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Assigned Properties uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables, the Assigned Properties applies a simplified approach in calculating ECLs. Therefore, the Assigned Properties does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Assigned Properties has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Assigned Properties considers a financial asset in default when contractual payments are 90 days past due since security deposits are equivalent to 90 days which are paid at the start of the lease term which will cover any defaults. However, in certain cases, the Assigned Properties may also consider a financial asset to be in default when internal or external information indicates that the Assigned Properties is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Assigned Properties. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the combined carve-out statements of financial position if there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial Instruments - initial recognition and subsequent measurement prior to January 1, 2018

Financial Instruments

Date of recognition

The Assigned Properties recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Assigned Properties classifies its financial assets at financial assets at FVPL. The Assigned Properties classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Day 1' difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Assigned Properties recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the combined carve-out statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the combined carve-out statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Assigned Properties determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets

Initial recognition and measurement

Financial assets are classified as either financial assets at fair value through profit or loss (FVPL), receivables, held-to-maturity (HTM) investment, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge as appropriate. All financial instruments are recognized initially at fair value plus, in the case of financial instruments not recorded at FVPL, transaction costs that are directly attributable to the acquisition of financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Assigned Properties commits to purchase or sell the asset.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss.

The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition of Financial Instruments

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the combined carve-out statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or,
- The Assigned Properties has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Assigned Properties has transferred substantially all the risks and rewards of the asset, or (b) the Assigned Properties has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Assigned Properties has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Assigned Properties continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Assigned Properties also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Assigned Properties has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Assigned Properties could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Assigned Properties assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Assigned Properties first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Assigned Properties determines that no

objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or (loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Assigned Properties. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value.

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Assigned Properties' other financial liabilities consists of accounts payable and accrued expenses, and deposits from lessees which are both included under 'Accounts payable and accrued expenses', 'Deposits and other current liabilities' and 'Deposits and other noncurrent liabilities'.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined carve-out statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Assigned Properties.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Assigned Properties uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the combined carve-out financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: - quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: - valuation techniques for which the lowest level input that it is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the combined carve-out financial statements on a recurring basis, the Assigned Properties determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Assigned Properties' external valuers, which valuation techniques and inputs to use for each case.

Customers' Deposits
Deposits from lessees
Deposits from lessees which includes security deposits that are initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the 'Deposits and other liabilities' in the combined carve-out statement of financial position) and amortized on a straight-line basis over the lease term.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the combined carve-out statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the combined carve-out statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of 'Other current assets' in the combined carve-out statements of financial position.

Other assets
Other assets include input value-added tax (VAT), prepaid expenses and creditable withholding taxes.

Input VAT
Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Assigned Properties can claim against future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services which are incurred and billings which has been received as of date. The input VAT can also be recovered as tax credit against future income tax liability of the Assigned Properties or refunded subject to the approval of the BIR. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Deferred input VAT
Deferred input VAT represents input VAT on purchase of capital goods exceeding ₱1 million. The related input VAT is recognized over five years or the useful life of the capital goods, whichever is shorter.

Prepaid expenses
Prepaid expenses pertain to resources controlled by the Assigned Properties as a result of past events and from which future economic benefits are expected to flow to the Assigned Properties.

With the exception of commission from residential sales, which is amortized using the percentage of completion, other prepaid expenses are amortized as incurred.

Creditable withholding taxes
Creditable withholding taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and utilized as tax credits against income tax due.

Investment Properties
Investment properties – Leasehold improvements, Buildings and building improvements and Construction in progress

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Assigned Properties. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives (EUL) as follows:

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the profit and loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or disclosure purposes.

Fair Value Disclosure
The Assigned Properties discloses the fair values of its investment Assigned Properties in accordance with PAS 40. The Assigned Properties engages independent valuation specialist to assess the fair values. The Assigned Properties' investment properties consist of office properties. These are valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to the intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the construction of property and equipment to the extent incurred during the period of construction and installation.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of over the EUL as follow:

	Years
Furniture, fixtures & equipment	5
IT Equipment	5
Others	5

Assets under construction are transferred to a specific category of property and equipment when the construction and other related activities necessary to prepare the property and equipment for their intended use are completed and the property and equipment are available for service.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Impairment of Nonfinancial Assets
The Assigned Properties assesses at each reporting date whether there is an indication that the Assigned Properties' investment properties, right-of-use assets, property and equipment, other current assets and other noncurrent assets may be impaired. If any such indication exists, the Assigned Properties makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the combined carve-out statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Assigned Properties makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the combined carve-out statement of comprehensive income.

Stockholders' Equity
The stockholders' equity consists of the residual interest on the assets and liabilities from the combining properties and the accumulated net income for the years ended December 31, 2020, 2019, 2018 and 2017.

Income Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Assigned Properties operates and generates taxable income.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered. The Assigned Properties does not recognize deferred income tax assets that will reverse during the income tax holiday (ITH).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Segment Reporting
The Assigned Properties' lease operation is its only segment. Financial information on business segment is presented in Note 21 to the combined carve-out financial statements.

Provisions
Provisions are recognized when the Assigned Properties has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Assigned Properties expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the combined carve-out financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the combined carve-out financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about The Assigned Properties' position at the reporting date (adjusting events) are reflected in the combined carve-out financial statements. Post year-end events that are not adjusting events are disclosed in the combined carve-out financial statements when material (see Note 24).

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4. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the combined carve-out financial statements in compliance with PFRSs requires the Assigned Properties to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effects of any change in judgments and estimates are reflected in the combined carve-out financial statements, as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the combined carve-out financial statements.

Basis for preparing the combined carve-out financial statements.

In preparing the combined carve-out financial statements, management considers the following factors: (a) whether the assets to be combined are under common control for the full or a portion of the periods covered by the combined financial statements, (b) the purpose of the combined financial statements, and (c) the intended users of the combined financial statements.

Based on management judgment, the Assigned Properties can prepare combined carve-out financial statements because the assets to be combined are ultimately under common control by RLC during the periods presented and the combined financial statements will provide the historical combined financial position and performance and cash flows of the combining assets which are intended to be used by a wide range of users, including RLC's stockholders and the public, who cannot obtain the financial information through other means or do not have access to the internal information of the RLC.

Principal versus agent considerations

The contract for the commercial spaces leased out by the Assigned Properties to its tenants includes the right to charge for the electricity usage, water usage, air-conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Assigned Properties determined that it is acting as an agent because the promise of the Assigned Properties to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the real estate developer, are primary responsible for the provisioning of the utilities while the Assigned Properties, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities. The Assigned Properties does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the provision of CUSA and air conditioning, the Assigned Properties acts as a principal because it retains the right to direct the service provider of air conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the Assigned Properties has the discretion on how to price the CUSA and air conditioning charges. However, since the Assigned Properties has availed of the relief to the real estate industry by deferring the application of accounting to CUSA charges discussed in PIC Q&A No. 2018-12-H, the Assigned Properties retained its current assessment and accounting for CUSA and air conditioning charges. Currently, the Assigned Properties is presenting its revenue from CUSA and air conditioning charges on a net basis as part of revenues.

Operating leases commitments - The Assigned Properties as lessee (prior to January 1, 2019)
The Assigned Properties has entered into lease contracts to develop office properties on the leased land premises. Based on an evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Assigned Properties. In determining significant risks and benefits of ownership, the Assigned Properties considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term.

In addition, majority of the lease contract have lease term ranging from one year to ten years which is considered insignificant relative to the life of the asset (see Note 17).

Operating lease commitments - The Assigned Properties as lessor
The Assigned Properties has entered into office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Assigned Properties has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Assigned Properties considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Assigned Properties' operating lease contracts are accounted for as noncancelable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Assigned Properties considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 17).

Recognition of deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. Deferred tax assets as of December 31, 2020, 2019, 2018 and 2017 amounted to ₱84.11 million, ₱89.49 million, ₱47.34 million and ₱35.96 million, respectively (see Note 18).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Leases - Estimating the incremental borrowing rate
The Assigned Properties cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Assigned Properties would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Assigned Properties 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Assigned Properties estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Assigned Properties' lease liabilities amounted to ₱130.89 million and ₱120.67 million as of December 31, 2020 and 2019, respectively (see Note 17). The lease liabilities pertain to lease of land in which the inception of the lease became effective in August 2014.

Provision for expected credit losses of trade receivables
The Assigned Properties uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Assigned Properties' historical observed default rates. The Assigned Properties calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances including COVID impact and forecast economic conditions. The Assigned Properties' historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The carrying value of the Assigned Properties' trade receivables amounted to ₱1,203.25 million, ₱920.31 million, ₱759.64 million and ₱464.43 million as of December 31, 2020, 2019, 2018 and 2017 respectively, net of allowance for credit losses amounting to ₱0.50 million as of December 31, 2020 and 2019, and allowance for doubtful accounts amounting to ₱0.50 million as of December 31, 2018 and 2017 (see Notes 6 and 19).

Impairment of nonfinancial assets
The Assigned Properties assesses impairment on its nonfinancial assets (i.e., investment properties property and equipment and other noncurrent assets) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends including the impact of COVID.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Assigned Properties is required to make estimates and assumptions that may affect the carrying amount of the assets.

The carrying values of the Assigned Properties' investment properties, right-of-use assets, property and equipment, other current assets and other noncurrent assets as of December 31, 2020, 2018, 2019 and 2017 are disclosed in Notes 7, 8, 9 and 17, respectively. No impairment was recognized for the Assigned Properties' nonfinancial assets.

Estimation of useful lives of investment properties
The Assigned Properties estimates the useful lives of its depreciable investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying balances of the Assigned Properties' depreciable assets are disclosed in Note 8 to the combined carve-out financial statements.

5. Cash

Cash pertains to small amount of discretionary fund which is used by the Assigned Properties to pay for minor expenditures amounting to ₱70,000, ₱80,000, ₱80,000 and ₱50,000 as of December 31, 2020, 2019, 2018 and 2017, respectively.

6. Receivables

This account consists of:

	December 31			
	2020	2019	2018	2017
Trade receivables (Notes 17 and 19)	**₱211,716,817**	₱55,113,581	₱38,472,094	₱36,550,762
Accrued rent receivables	**964,286,341**	847,162,691	720,519,468	427,228,214
Others	**27,746,512**	18,539,287	1,155,712	1,155,712
	1,203,749,670	920,815,559	760,147,274	464,934,688
Less allowance for:				
Credit losses	**504,270**	504,270	–	–
Doubtful accounts	**–**	–	504,270	504,270
	₱1,203,245,400	₱920,311,289	₱759,643,004	₱464,430,418

Trade receivables represent billed monthly rentals and dues. These receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Accrued rent pertains to receivables arising from the application of the straight-line method of recognizing rental income.

Others are composed of the receivables or claims of the Assigned Properties from different utility providers, banks and insurance services.

The allowance for credit losses as of December 31, 2020 and 2019 amounted to ₱0.50 million, while allowance for doubtful accounts as of December 31, 2018 and 2017 amounted ₱0.50 million.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ('Bayanihan 1 Act') was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ('Bayanihan 2 Act'), was enacted. Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Assigned Properties, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to retail tenants as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms.

Based on the Assigned Properties' assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

7. **Other Assets**

Other Current Assets
This account consists of:

	December 31			
	2020	2019	2018	2017
Prepaid expenses	**₱44,902,632**	₱53,533,864	₱364,532,415	₱410,478,473
Input VAT	**–**	–	61,562,665	135,998,868
	₱44,902,632	₱53,533,864	₱426,095,080	₱546,477,341

Prepaid expenses pertain to amounts paid in advance for real property taxes and prepaid rent.

Prepaid rent pertains to advance rentals of the 25-year operating lease agreement between Bases Conversion and Development Authority (BCDA) and Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp. and wholly-owned subsidiary of the Parent Company) (APVI). The contract, which commenced in 2014, is for a long-term lease of approximately 5,000 sqm parcel of land along Lawton Avenue, Bonifacio South, Taguig City where Cyber Sigma is currently located. Subsequently, the said contract was assigned to the Parent Company through a Deed of Assignment wherein APVI assigns all its rights, interests, and obligations on the contract of lease with approval of BCDA as provided for under the contract.

Input VAT is applied against output VAT within 12 months.

Other Noncurrent Assets
This account consists of:

	December 31			
	2020	2019	2018	2017
Utility deposits	**₱31,551,803**	₱35,688,530	₱35,970,600	₱34,977,421
Advances to suppliers and contractors	**14,610,138**	36,191,805	62,134,859	194,892,382
	₱46,161,941	₱71,880,335	₱98,105,459	₱229,869,803

Utility deposits pertain primarily to amounts paid to the utility companies for the meter deposits for the Assigned Properties' commercial projects.

Advances to suppliers and contractors consist of advance payment which will be applied against progress billings.

8. Investment Properties

This account consists of:

	Building and Building Improvements December 31	
	2020	2019
Cost		
Balance at beginning of year	**₱13,183,254,718**	₱12,949,035,978
Additions	**47,184,878**	234,218,740
Balance at end of year	**13,230,439,596**	13,183,254,718
Accumulated Depreciation		
Balance at beginning of year	**3,657,687,565**	3,069,828,546
Depreciation and amortization (Note 16)	**552,146,876**	587,859,019
Balance at end of year	**4,209,834,441**	3,657,687,565
Net Book Value	**₱9,020,605,155**	₱9,525,567,153

	December 31, 2018		
	Building and Improvements	Construction-in-Progress	Total
Cost			
Balance at beginning of year	₱9,592,037,159	₱2,271,140,663	₱11,863,177,822
Reclassifications	2,697,052,550	(2,697,052,550)	–
Additions	659,946,269	425,911,887	1,085,858,156
Balance at end of year	12,949,035,978	–	12,949,035,978
Accumulated Depreciation			
Balance at beginning of year	2,551,050,195	–	2,551,050,195
Depreciation and amortization (Note 16)	518,778,351	–	518,778,351
Balance at end of year	3,069,828,546	–	3,069,828,546
Net Book Value	₱9,879,207,432	₱–	₱9,879,207,432

	December 31, 2017		
	Building and Improvements	Construction-in-Progress	Total
Cost			
Balance at beginning of year	₱6,781,906,338	₱2,064,049,607	₱8,845,955,945
Additions	2,810,130,821	207,091,056	3,017,221,877
Balance at end of year	9,592,037,159	2,271,140,663	11,863,177,822
Accumulated Depreciation			
Balance at beginning of year	2,162,251,633	–	2,162,251,633
Depreciation and amortization (Note 16)	388,798,562	–	388,798,562
Balance at end of year	2,551,050,195	–	2,551,050,195
Net Book Value	₱7,040,986,964	₱2,271,140,663	₱9,312,127,627

Investment properties consist mainly of office buildings that are held to earn rentals. Construction-in-progress pertains to ongoing construction, installation and related activities on certain investment property or other items necessary to prepare it for use. These are transferred to the related investment property account once construction is completed and is ready for service.

Additions include initial direct costs which are comprised of commissions paid to various brokers amounting to ₱21.41 million, ₱133.35 million, ₱74.21 million and ₱41.84 million in 2020, 2019, 2018 and 2017, respectively. These are amortized over the lease term on the same basis as the lease income.

Borrowing costs capitalized amounted to ₱10.26 million, ₱125.25 million and ₱176.42 million for the years ended December 31, 2019, 2018 and 2017, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2019, 2018 and 2017 is 4.59%, 4.50% and 4.02%, respectively. As projects have been completed in 2020, there are no borrowing costs capitalized in 2020.

Rent expense capitalized amounted to ₱100.90 million for the year ended December 31, 2017. The amounts were included in the combined carve-out statements of cash flows under additions to investments properties.

The aggregate fair value of the Assigned Properties' investment properties as of December 31, 2020 amounted to ₱59,046 million. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceed their carrying costs.

The following table provides the fair value hierarchy of the Assigned Properties' investment properties as of December 31, 2020:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	**Various**	**₱59,046,000,000**	**₱–**	**₱–**	**₱59,046,000,000**

The fair values of the office buildings were measured through income approach using the discounted cash flow analysis. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property.

The construction-in-progress were measured at cost until such time the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

Rental income derived from investment properties amounted to ₱2,951.98 million, ₱2,723.82 million, ₱2,383.74 million and ₱1,720.35 million for the years ended December 31, 2020, 2019, 2018, and 2017 respectively (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱843.25 million, ₱834.58 million, ₱738.28 million and ₱544.38 million for the years ended December 31, 2020, 2019, 2018 and 2017, respectively (see Note 16).

The construction in progress as of December 31, 2017 consists of office buildings under construction and located in Metro Manila. These have been completed in 2018 and transferred to the related asset account.

There are no investment properties as of December 31, 2020, 2019, 2018 and 2017 that are pledged as security to liabilities. The Assigned Properties has no restrictions on the realizability of its investment properties. Except for contracts awarded, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

9. Property and Equipment

This account pertains to furniture and fixtures, IT and other equipment. The rollforward analyses follow:

	December 31, 2020			
	Furniture, Fixtures & Equipment	**IT Equipment**	**Other Equipment**	**Total**
Cost				
Balances at beginning and of year	**₱1,601,665**	**₱1,131,053**	**₱1,938,239**	**₱4,670,957**
Additions	**–**	**–**	**382,099**	**382,099**
Balances at end of year	**1,601,665**	**1,131,053**	**2,320,338**	**5,053,056**
Accumulated Depreciation				
Balances at beginning of year	**853,849**	**779,208**	**1,171,779**	**2,804,836**
Depreciation (Note 16)	**215,376**	**137,467**	**366,342**	**719,185**
Balances at end of year	**1,069,225**	**916,675**	**1,538,121**	**3,524,021**
Net Book Value	**₱532,440**	**₱214,378**	**₱782,217**	**₱1,529,035**

	December 31, 2019			
	Furniture, Fixtures & Equipment	IT Equipment	Other Equipment	Total
Cost				
Balances at beginning of year	₱1,097,056	₱1,131,053	₱1,888,801	₱4,116,910
Additions	504,609	–	49,438	554,047
Balances at end of year	1,601,665	1,131,053	1,938,239	4,670,957
Accumulated Depreciation				
Balances at beginning of year	602,213	588,366	514,793	1,705,372
Depreciation (Note 16)	251,636	190,842	656,986	1,099,464
Balances at end of year	853,849	779,208	1,171,779	2,804,836
Net Book Value	₱747,816	₱351,845	₱766,460	₱1,866,121

	December 31, 2018			
	Furniture, Fixtures & Equipment	IT Equipment	Other Equipment	Total
Cost				
Balances at beginning of year	₱724,832	₱857,950	₱715,880	₱2,298,662
Additions	372,224	273,103	1,172,921	1,818,248
Balances at end of year	1,097,056	1,131,053	1,888,801	4,116,910
Accumulated Depreciation				
Balances at beginning of year	447,630	386,580	184,166	1,018,376
Depreciation (Note 16)	154,583	201,786	330,627	686,996
Balances at end of year	602,213	588,366	514,793	1,705,372
Net Book Value	₱494,843	₱542,687	₱1,374,008	₱2,411,538

	December 31, 2017			
	Furniture, Fixtures & Equipment	IT Equipment	Other Equipment	Total
Cost				
Balances at beginning of year	₱608,118	₱659,512	₱370,337	₱1,637,967
Additions	116,714	198,438	345,543	660,695
Balances at end of year	724,832	857,950	715,880	2,298,662
Accumulated Depreciation				
Balances at beginning of year	343,157	235,707	85,084	663,948
Depreciation (Note 16)	104,473	150,873	99,082	354,428
Balances at end of year	447,630	386,580	184,166	1,018,376
Net Book Value	₱277,202	₱471,370	₱531,714	₱1,280,286

There are no items of property and equipment that are pledged as security to liabilities as of December 31, 2020, 2019, 2018 and 2017.

There are no contractual purchase commitments for property and equipment as of December 31, 2020, 2019, 2018 and 2017.

There are no fully depreciated property and equipment that are still being used in operation as of December 31, 2020, 2019, 2018 and 2017.

10. Accounts and Other Payables

This account consists of:

	December 31			
	2020	2019	2018	2017
Accounts payable	**₱140,936,700**	₱111,843,379	₱124,732,849	₱166,610,678
Retention payable	**130,600,318**	212,081,073	305,097,803	303,504,531
Accrued expenses				
Management fees	**125,517,275**	114,859,340	98,315,776	69,064,222
Repairs and maintenance	**37,341,212**	15,353,644	22,333,906	–
Light and water	**23,288,297**	36,096,785	–	–
Contracted services	**11,795,423**	7,922,756	–	–
Taxes payable	**1,026,706**	1,469,791	2,245,446	4,473,320
	₱470,505,931	₱499,626,768	₱552,725,780	₱543,652,751

Accounts payable mainly includes unpaid billings from suppliers and contractors related to construction activities which are non-interest bearing and are normally settled within 30-90 days term.

Retention payable pertains to the portion of contractor's progress billings withheld by the Assigned Properties which will be released after the satisfactory completion of the contractor's work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract.

Accrued expenses are noninterest-bearing.

Taxes payable consist of amounts payable to taxing authority pertaining to expanded withholding taxes.

11. Deposits and Other Liabilities

This account consists of:

	December 31			
	2020	2019	2018	2017
Deposits from lessees	**₱762,380,914**	₱792,877,275	₱698,966,111	₱592,341,109
Unearned rental income	**148,961,890**	177,129,106	157,305,382	119,357,310
Deferred credits	**117,277,528**	139,906,219	151,189,990	166,596,132
	1,028,620,332	1,109,912,600	1,007,461,483	878,294,551
Less current portion	**237,082,293**	263,925,093	299,859,375	140,151,599
	₱791,538,039	₱845,987,507	₱707,602,108	₱738,142,952

The current portion of these accounts follows:

	December 31			
	2020	2019	2018	2017
Deposits from lessees	**₱166,438,041**	₱194,001,185	₱195,655,074	₱62,858,661
Unearned rental income	**61,262,050**	64,327,659	63,515,907	60,633,325
Deferred credits	**9,382,202**	5,596,249	40,688,394	16,659,613
	₱237,082,293	₱263,925,093	₱299,859,375	₱140,151,599

Deposits from lessees

Deposits from lessees represent deposits received from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three (3) months' rent and refunded to the lessee at the end of the lease term.

The rollforward analysis of deposits from lessees follows:

	December 31			
	2020	2019	2018	2017
Gross Amount				
Balance at beginning of year	**₱941,317,593**	₱856,907,079	₱765,314,213	₱604,335,349
Additions	**66,981,468**	198,609,022	196,753,331	244,609,263
Refunds	**(115,696,452)**	(114,198,508)	(105,160,465)	(83,630,399)
Balance at end of year	**892,602,609**	941,317,593	856,907,079	765,314,213
Unamortized Discount				
Balance at beginning of year	**148,440,318**	157,940,968	172,973,104	97,945,444
Additions	**22,352,992**	5,399,612	19,321,261	98,151,043
Accretion (Note 16)	**(40,571,615)**	(14,900,262)	(34,353,397)	(23,123,383)
Balance at end of year	**130,221,695**	148,440,318	157,940,968	172,973,104
Net Amount	**762,380,914**	792,877,275	698,966,111	592,341,109
Less current portion	**166,438,041**	194,001,185	195,655,074	62,858,661
	₱595,942,873	₱598,876,090	₱503,311,037	₱529,482,448

Unearned rental income
Unearned rental income represent cash received in advance representing three (3) months' rent which will be applied to the last three (3) months' rentals on the related lease contracts.

Deferred credits
Deferred credits pertain to the difference between the nominal value of the deposits from lessees and their fair values. This is initially measured at fair value and subsequently amortized using the straight-line method.

The rollforward analysis of deferred credits follows:

	December 31			
	2020	2019	2018	2017
Balance at beginning of year	**₱139,906,219**	₱151,189,990	₱166,596,132	₱95,887,604
Additions	**22,352,992**	5,399,612	19,321,261	98,151,043
Amortization (Note 14)	**(44,981,683)**	(16,683,383)	(34,727,403)	(27,442,515)
Balance at end of year	**117,277,528**	139,906,219	151,189,990	166,596,132
Less current portion	**9,382,202**	5,596,249	40,688,394	16,659,613
	₱107,895,326	₱134,309,970	₱110,501,596	₱149,936,519

12. **Stockholders' Equity**

The equity section presented in the combined carve-out statement of financial position is prepared by combining the historical accumulated earnings of the Assigned Properties, adjusted for the effects of elimination of intra-company transactions among and within RLC.

Accordingly, the amounts of 'Invested Equity' shown in the combined carve-out statement of financial position do not necessarily reflect the consolidated amounts of what the RLC's shareholders would have been had the infusion of assets as disclosed in Note 1 been completed, nor had it been a separate stand-alone entity, during the periods presented. The combined carve-out financial statements neither represent the financial information of RLC prepared on a basis as if RLC was operating solely, nor do they give an indication of the results, cash flows and financial position of RLC in the future.

13. **Related Party Transactions**

Related party transactions are made under the normal course of business. 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; and the parties are subject to common control or common significant influence. Affiliates are entities that are owned and controlled by the Ultimate Parent Company and neither a subsidiary or associate of the Assigned Properties. These affiliates are effectively sister companies of the Assigned Properties by virtue of ownership of the Ultimate Parent Company. Related parties may be individuals or corporate entities. Transactions are generally settled in cash, unless otherwise stated.

The amounts and balances arising from significant related party transactions are as follows:

	December 31, 2020			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Ultimate Parent Company				
Rental income/receivable (a)	**₱41,163,463**	**₱32,651,145**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**
Shared expenses (b)	**23,057,851**	**–**	**Non-interest bearing; due and demandable**	**Unsecured**
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	**179,089,381**	**46,856,753**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**
		₱79,507,898		

	December 31, 2019			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱39,275,264	₱1,889,288	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Shared expenses (b)	11,271,965	–	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	172,107,078	13,338,659	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
		₱15,227,947		

	December 31, 2018			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱37,673,278	₱3,767,019	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Shared expenses (b)	4,898,691	–	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	148,211,304	3,698,806	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
		₱7,465,825		

	December 31, 2017			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱34,362,070	₱409,196	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Shared expenses (b)	1,080,747	–	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	116,440,350	6,278,078	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
		₱6,687,274		

Significant transactions with related parties are as follows:

(a) *Rental income*
The Assigned Properties leases office properties to affiliated companies with a lease term of three (3) to twenty (20) years based on prevailing market lease rates.

(b) *Shared expenses*
The Ultimate Parent Company pays for and charges the Assigned Properties for the common costs incurred in the normal course of business.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. The Assigned Properties has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2020, 2019, 2018 and 2017. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel follows:

	2020	2019	2018	2017
Short-term employee benefits	**₱124,983,379**	₱114,644,319	₱98,189,493	₱70,578,491

There are no other arrangements between the Assigned Properties and any of its directors and key officers providing for benefits upon termination of employment.

14. Rental Income

This account consists of:

	December 31			
	2020	2019	2018	2017
Office and retail spaces	**₱2,906,233,111**	₱2,705,252,466	₱2,346,929,455	₱1,692,647,973
Parking spaces	**769,852**	1,881,928	2,083,860	261,313
Amortization of deferred credits (Note 11)	**44,981,683**	16,683,383	34,727,403	27,442,515
	₱2,951,984,646	₱2,723,817,777	₱2,383,740,718	₱1,720,351,801

Rental income
Rental income from office, retail and parking includes income from straight-line method of recognizing rental income amounting to ₱117.12 million, ₱126.64 million, ₱293.29 million and ₱155.02 million for years ended December 31, 2020, 2019, 2018 and 2017, respectively.

Income from dues - net
Income from dues - net pertains to net recoveries from tenants for the usage of common areas, air-conditioning services and utilities.

	December 31			
	2020	2019	2018	2017
Income from dues	**₱662,290,373**	₱641,092,317	₱531,540,771	₱396,528,818
Less direct costs	**(38,262,811)**	(44,121,390)	(36,643,728)	(40,702,697)
	₱624,027,562	₱596,970,927	₱494,897,043	₱355,826,121

Set out below is the disaggregation of the Assigned Properties' revenue from non-lease component:

	December 31			
	2020	2019	2018	2017
Income from dues:				
CUSA	**₱586,331,105**	₱551,819,516	₱442,380,290	₱311,452,148
Air-conditioning	**75,959,268**	89,272,801	89,160,481	85,076,670
	₱662,290,373	₱641,092,317	₱531,540,771	₱396,528,818

15. Other Income

This account pertains to income earned from forfeitures and penalties charged to tenants for late payments and gain from insurance claims totaling ₱4.93 million, ₱10.61 million, ₱11.45 million and ₱16.83 million for the years ended December 31, 2020, 2019, 2018 and 2017, respectively.

16. Costs and Expenses

Direct operating costs
This account consists of:

	December 31			
	2020	2019	2018	2017
Depreciation and amortization (Notes 8 and 17)	**₱573,709,506**	₱609,362,735	₱518,778,351	₱388,798,562
Management fee (Note 13)	**124,983,379**	114,644,319	98,189,493	70,578,491
Contracted services	**52,354,359**	58,743,198	55,355,202	39,199,679
Repairs and maintenance	**51,627,797**	36,930,560	31,599,186	22,675,262
Accretion of interest expense (Note 11)	**40,571,615**	14,900,262	34,353,397	23,123,383
	₱843,246,656	₱834,581,074	₱738,275,629	₱544,375,377

General and Administrative Expenses
This account consists of:

	December 31			
	2020	2019	2018	2017
Taxes and licenses	**₱94,187,926**	₱82,272,902	₱71,286,660	₱44,846,821
Salaries and wages	**54,429,983**	46,265,245	31,662,801	15,576,378
Commission expense	**25,236,178**	20,374,327	17,933,361	8,169,891
Shared expenses (Note 13)	**23,057,851**	11,271,965	4,898,691	1,080,747
Insurance expense	**17,279,804**	15,692,386	8,248,993	19,631,232
Supplies expense	**3,853,785**	1,924,214	2,163,459	2,300,725
Rent expense (Notes 3 and 17)	–	–	42,351,604	12,871,040
Communication	**547,368**	574,631	293,551	197,984
Depreciation (Note 9)	**719,185**	1,099,464	686,996	354,428
Others	**5,768,328**	14,949,619	17,579,572	32,037,153
	₱225,080,408	₱194,424,753	₱197,105,688	₱137,066,399

Others pertain to travel and transportation, communication, bank charges and advertising and promotions which are individually not material.

17. Lease Commitments and Contingencies

The Assigned Properties as lessor - operating lease
The Assigned Properties has entered into commercial property leases on its investment property portfolio. These noncancelable leases have remaining noncancelable lease terms of between one (1) and ten (10) years. All leases include a clause that enables upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under noncancelable operating leases are as follows:

	December 31			
	2020	2019	2018	2017
Within one year	**₱2,667,839,867**	₱2,741,883,912	₱2,863,462,252	₱1,743,750,864
After one year but not more than five years	**6,763,297,611**	8,010,540,196	5,844,869,600	3,661,496,135
More than five years	**1,210,696,908**	1,883,574,954	1,151,499,175	426,452,113
	₱10,641,834,386	₱12,635,999,062	₱9,859,831,027	₱5,831,699,112

Total rent income amounted to ₱2,951.98 million, ₱2,723.82 million, ₱2,383.74 million and ₱1,720.35 million for the years ended December 31, 2020, 2019, 2018 and 2017, respectively (see Note 14).

The Assigned Properties as lessee
The Assigned Properties has a lease contract for a parcel of land used in its operations. The lease of land has a lease term of 25 years (see Note 7). The lease generally provides for a fixed monthly rent.

Right-of-use asset
The rollforward analysis of this account for the years ended December 31, 2020 and 2019 follow (see Note 3):

	December 31	
	2020	2019
Cost		
Balance at beginning and end of year	**₱455,760,953**	₱455,760,953
Accumulated Amortization		
Balance at beginning of year	**21,503,716**	–
Amortization (Note 16)	**21,562,630**	21,503,716
Balance at end of year	**43,066,346**	21,503,716
Net Book Value	**₱412,694,607**	₱434,257,237

Lease liabilities
The rollforward analysis of lease liabilities follows:

	December 31	
	2020	2019
Balance at beginning of year	**₱120,674,331**	₱111,168,696
Interest expense	**10,218,868**	9,505,635
Balance at the end of year	**₱130,893,199**	₱120,674,331

The following are the amounts recognized in the combined carve-out statements of comprehensive income from the above lease agreements as lessee:

	December 31			
	2020	2019	2018	2017
Rent expense (Note 16)	**₱–**	₱–	₱42,351,604	₱12,871,040
Amortization of right-of-use asset (Note 3)	**21,562,630**	21,503,716	–	–
Accretion of interest expense (Note 3)	**10,218,868**	9,505,635	–	–
Total amounts recognized in the combined carve-out statement of comprehensive income	**₱31,781,498**	₱31,009,351	₱42,351,604	₱12,871,040

Shown below is the maturity analysis of the undiscounted lease payments:

	December	
	2020	2019
After one year but not more than five years	**₱–**	₱–
More than five years	**412,040,475**	412,040,475
	₱412,040,475	₱412,040,475

18. Income Tax

Provision for income tax consists of:

	December 31			
	2020	2019	2018	2017
Current	**₱710,010,441**	₱649,641,756	₱472,152,073	₱299,766,077
Deferred	**18,284,648**	30,261,113	107,206,788	122,104,196
	₱728,295,089	₱679,902,869	₱579,358,861	₱421,870,273

The current provision for income tax represents RCIT for the years ended December 31, 2020, 2019, 2018 and 2017.

The components of net deferred tax assets (liabilities) follow:

	December 31			
	2020	2019	2018	2017
Deferred tax assets on:				
Advance rent	**₱44,688,567**	₱53,138,732	₱47,191,614	₱35,807,193
Lease liabilities (Notes 3 and 17)	**39,267,960**	36,202,299	–	–
Allowance for credit losses	**151,281**	151,281	–	–
Allowance for doubtful accounts	**–**	–	151,281	151,281
	₱84,107,808	₱89,492,312	₱47,342,895	₱35,958,474
Deferred tax liabilities on:				
Accrued rent income (Note 6)	**(289,285,902)**	(254,148,807)	(216,155,840)	(128,168,464)
Unamortized capitalized interest expense	**(165,839,891)**	(176,770,974)	(183,586,691)	(154,905,769)
Right-of-use asset (Notes 3 and 17)	**(123,808,382)**	(130,277,171)	–	–
Prepaid commission	**(34,065,139)**	(37,895,436)	(22,542,287)	(9,956,101)
Unamortized capitalized rent	**(26,847,544)**	(27,854,326)	(28,873,689)	(30,269,815)
Prepaid rent	**–**	–	(103,377,677)	(112,644,826)
	(639,846,858)	(626,946,714)	(554,536,184)	(435,944,975)
Net deferred tax liabilities	**(₱555,739,050)**	(₱537,454,402)	(₱507,193,289)	(₱399,986,501)

The reconciliation between the statutory income tax rate to the effective income tax rate shown in the combined carve-out statements of comprehensive income follows:

	2020	2019	2018	2017
Statutory income tax rate	**30.00%**	30.00%	30.00%	30.00%
Add (deduct) tax effect of:				
Nondeductible expenses	**(0.05%)**	0.02%	0.10%	(0.09%)
Nontaxable income	**(0.84%)**	(0.68%)	(0.76%)	(0.00%)
Effective income tax rate	**29.10%**	29.30%	29.79%	30.08%

The President signed into law on March 26, 2021 Republic Act (RA) 11534, or the Corporate Recovery and Tax Incentives for Enterprises ('CREATE') Act, to attract more investments and maintain fiscal prudence and stability in the Philippines. The CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Assigned Properties:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:

  i. The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  ii. Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  iii. The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:

  i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

Meanwhile, as clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Assigned Properties would have been subjected to lower regular corporate income tax rate of 21% to 25% effective July 1, 2020.

- This would result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the RLC's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 combined carve-out financial statements. Pending clarification from the tax authorities on how the taxable income for the period beginning July 1, 2020 will be computed, the Assigned Properties has not quantified the impact of the lower corporate income tax rate on the 2020 current income tax.

Once applied, the CREATE Act will reduce the Assigned Properties' deferred tax assets and deferred tax liabilities recognized as of December 31, 2020 by an estimated amount of ₱14.02 million and ₱106.64 million, respectively. These reductions will be recognized in the 2021 combined carve-out financial statements.

19. Financial Assets and Liabilities

Fair Value Information

Except for the Assigned Properties' security deposits, which are disclosed below, the carrying values of the other financial instruments of the Assigned Properties approximate their fair values due to the short-term nature of the transactions.

	2020		2019		2018		2017	
	Carrying value	**Fair value**	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Security deposits	**₱1,028,620,332**	**₱1,005,293,736**	₱1,109,912,600	₱1,066,838,774	₱1,007,461,483	₱933,982,536	₱878,294,551	₱837,741,406

Fair Value Hierarchy

As of December 31, 2020, 2019, 2018 and 2017, the Assigned Properties has no financial instrument measured at fair value. As of December 31, 2020, 2019, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of the Assigned Properties' security deposits is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2020 are shown below:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of the input to fair value**
Security deposits	DCF Method	Discount rate	1.00% to 3.95%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies

The Assigned Properties' principal financial instruments comprise of cash, receivables, accounts and other payables and security deposits which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Assigned Properties reviews policies for managing each of these risks. The Assigned Properties monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Assigned Properties' business activities. The main objectives of the Assigned Properties' financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and

- to provide a degree of certainty about costs.

The Assigned Properties' finance and treasury functions operate as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Assigned Properties.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Assigned Properties' credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Assigned Properties maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Assigned Properties security deposits and advance rentals which helps reduce the Assigned Properties' credit risk exposure in case of default by the tenants. For existing tenants, the Assigned Properties has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. The security deposits are considered in the calculation of impairment as recoveries. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As of December 31, 2020, 2019, 2018 and 2017, 84%, 100%, 100% and 100% of the Assigned Properties' trade receivables are covered by security deposits, respectively. Trade receivables include receivables as a result of straight-line method amounting to ₱1,203.25 million, ₱920.31 million, ₱759.64 million and ₱464.43 million as of December 31, 2020, 2019, 2018 and 2017, respectively. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits. The resulting ECL of ₱0.50 million as of December 31, 2020, 2019, 2018 and allowance for doubtful accounts of ₱0.50 million as of December 31, 2017 pertains to receivables aged over 360 days.

The Assigned Properties did not provide any allowance for credit loss relating to receivables from related parties since there is no history of default in payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The Assigned Properties' maximum exposure to credit risk as of December 31, 2020, 2019, 2018 and 2017 is equal to the carrying values of its financial assets, except for 'Trade receivables' under 'Receivables' in the combined carve-out statements of financial position. Details follow:

	December 31, 2020			
	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
Receivables				
Trade	**₱1,175,498,888**	**₱1,005,293,736**	**₱170,205,152**	**₱1,005,293,736**
Other	**27,746,512**	**–**	**27,746,512**	**–**
	₱1,203,245,400	**₱1,005,293,736**	**₱197,951,664**	**₱1,005,293,736**

	December 31, 2019			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Receivables				
Trade	₱901,772,002	₱1,066,838,774	₱–	₱1,066,838,774
Other	18,539,287	–	18,539,287	–
	₱920,311,289	₱1,066,838,774	₱18,539,287	₱1,066,838,774

	December 31, 2018			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Receivables				
Trade	₱758,487,292	₱933,892,536	₱–	₱933,892,536
Other	1,155,712	–	1,155,712	–
	₱759,643,004	₱933,892,536	₱1,155,712	₱933,892,536

	December 31, 2017			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Receivables				
Trade	₱463,274,706	₱837,741,406	₱–	₱837,741,406
Other	1,155,712	–	1,1155,712	–
	₱464,430,418	₱837,741,406	₱11,155,712	₱837,741,406

The credit quality of the financial assets was determined as follows:

Receivables - high grade pertains to receivables from counterparties with no default in payment; medium grade pertains to receivables from counterparties with up to three (3) defaults in payment; and low grade pertains to receivables from counterparties with more than three (3) defaults in payment.

Liquidity risk
The Assigned Properties actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Assigned Properties' policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through a combination of internally-generated funds and external borrowings, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, the Assigned Properties also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost.

The tables below summarize the maturity profile of the Assigned Properties' financial assets and financial liabilities based on contractual undiscounted payments:

	December 31, 2020			
	< 1 year	**1 to 5 years**	**> 5 years**	**Total**
Financial assets				
Receivables				
Trade*	**₱81,312,098**	**₱91,453,948**	**₱38,446,501**	**₱211,212,547**
Accrued rent	**60,819,065**	**545,830,531**	**357,636,745**	**964,286,341**
Other	**27,746,512**	–	–	**27,746,512**
	₱169,877,675	**₱637,284,479**	**₱396,083,246**	**₱1,203,245,400**
Financial liabilities				
Accounts and other payables				
Accounts payable	**₱140,936,700**	**₱–**	**₱–**	**₱140,936,700**
Retention payable	**130,600,318**	–	–	**130,600,318**
Accrued expenses	**197,942,207**	–	–	**197,942,207**
Deposits from lessees	**237,082,293**	**523,375,940**	**268,162,099**	**1,028,620,332**
Lease liability	–	–	**412,040,475**	**412,040,475**
	₱706,561,518	**₱523,375,940**	**₱680,202,574**	**₱1,910,140,032**

**net of allowance for credit losses*

	December 31, 2019			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Receivables				
Trade*	₱3,139,781	₱16,982,749	₱34,486,781	₱54,609,311
Accrued rent	51,400,064	358,634,709	437,127,918	847,162,691
Other	18,539,287	–	–	18,539,287
	₱73,079,132	₱375,617,458	₱471,614,699	₱920,311,289
Financial liabilities				
Accounts and other payables				
Accounts payable	₱110,692,307	₱1,151,072	₱–	₱111,843,379
Retention payable	212,081,073	–	–	212,081,073
Accrued expenses	174,232,525	–	–	174,232,525
Deposits from lessees	263,925,093	415,500,252	430,487,255	1,109,912,600
Lease liability	–	–	412,040,475	412,040,475
	₱760,930,998	₱416,651,324	₱842,527,730	₱2,020,110,052

**net of allowance for credit losses*

	December 31, 2018			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Receivables				
Trade*	₱3,356,822	₱14,047,564	₱20,563,438	₱37,967,824
Accrued rent	68,523,053	508,797,905	143,198,510	720,519,468
Other	1,155,712	–	–	1,155,712
	₱73,035,587	₱522,845,469	₱163,761,948	₱759,643,004
Financial liabilities				
Accounts and other payables				
Accounts payable	₱45,944,248	₱78,788,601	₱–	₱124,732,849
Retention payable	305,097,803	–	–	305,097,803
Accrued expense	120,649,682	–	–	120,649,682
Deposits from lessees	299,859,375	530,244,255	177,357,853	1,007,461,483
	₱771,551,108	₱609,032,856	₱177,357,853	₱1,557,941,817

**net of allowance for doubtful accounts*

	December 31, 2017			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Receivables				
Trade*	₱11,847,661	₱12,466,918	₱11,731,913	₱36,046,492
Accrued rent	103,927,363	219,282,886	104,017,965	427,228,214
Other	1,155,712	–	–	1,155,712
	₱116,930,736	₱231,749,804	₱115,749,878	₱464,430,418
Financial liabilities				
Accounts and other payables				
Accounts payable	₱14,094,013	₱152,516,665	₱–	₱166,610,678
Retention payable	303,504,531			303,504,531
Accrued expenses	69,064,222	–	–	69,064,222
Deposits from lessees	140,151,599	565,745,705	172,397,247	878,294,551
	₱526,814,365	₱718,262,370	₱172,397,247	₱1,417,473,982

**net of allowance for doubtful accounts*

20. Earnings Per Share (EPS)

As the combined carve-out financial statements have no legal capital and the financial information has been prepared on a combined basis, it is not possible to measure EPS. Accordingly, the requirement of PAS 33, *Earnings Per Share*, to disclose basic/diluted EPS has not been complied with in these combined carve-out financial statements.

21. Segment Reporting

The Assigned Properties has determined that it is currently operating as one operating segment.

The Assigned Properties' 12-building lease operation is its only income-generating activity, and such is the measure used by management in allocating resources.

22. Notes to the Assigned Properties' Combined Carve-out Statements of Cash flows

The Assigned Properties' noncash operating and investing activities are as follows:

Investing
- Borrowing cost capitalized amounted to nil, ₱10.26 million, ₱125.25 million and ₱176.42 million in 2020, 2019, 2018 and 2017, respectively (see Note 8).
- Rent expense capitalized amounted to ₱100.90 million in 2017 (see Note 8).

Financing
- Movements in equity pertains to changes in net assets transferred to the Assigned Properties.

23. Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

Certain operations of the Assigned Properties are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these Assigned Properties are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

All of the Assigned Properties are PEZA-registered with details as follows:

Cyberscape Alpha
The Assigned Properties is registered with PEZA (beginning January 4, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011, for creating and designating a building located at Sapphire and Garnet Roads, Ortigas Center, Pasig City, as Information Technology (IT) Center, to be known as 'Cyberscape Alpha'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Cyberscape Beta
The Assigned Properties is registered with PEZA (beginning November 22, 2012) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 11-624 dated November 8, 2011, for creating and designating a building located at Topaz and Ruby Roads, Ortigas Center, Pasig City, containing an area of 1,955 square meter, more or less (a portion of Lot 2-C) as an Information Technology (IT) Center, henceforth to be known as 'Cyberscape Beta'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Bridgetowne
The Assigned Properties is registered with PEZA (beginning June 26, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013, for creating and designating several parcels of land located along C-5 Road, Ugong Norte, Quezon City, with an aggregate area of 79,222 square meters as Information Technology (IT) Park, to be known as Bridgetowne. Under the terms of its registration, the Developer/Operator of the IT Center shall not be entitled to PEZA incentives. Tera and Exxa-Zeta Towers are located in Bridgetowne.

Robinsons Cybergate Cebu
The Assigned Properties is also registered with PEZA (beginning October 28, 2009) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008, for creating and designating 4,772 square meter, more or less, of land located at Don Gil Street, Barangay Capitol Site, Cebu City, as an Information Technology Center, to be known as 'Robinsons Cybergate Cebu'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Galleria Cebu
The Assigned Properties is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as 'Robinsons Galleria Cebu'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Luisita
The Assigned Properties is also registered with PEZA (beginning December 10, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 08-183 dated March 31, 2008, designating a building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot located at McArthur Highway, San Miguel, Tarlac as Information Technology (IT) Center, henceforth to be known as 'Robinsons Luisita'. On January 5, 2017, the expansion of the existing Robinsons Luisita, specifically the construction of additional 3-storey office building which shall increase the gross floor area of the IT Center from 9,025 square meters to 15,330.82 square meters, has also been registered with PEZA. Under the terms of its registration, the Assigned Properties' expansion is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Naga
The Assigned Properties is also registered with PEZA (beginning May 12, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 15-715 dated December 17, 2015, for creating and designating a building, which stands on a 24,807-square meter, more or less, lot located at Naga Diversion Road corner Almeda Highway, Brangay Triangulo, Naga City as an IT Center, to be known as 'Robinsons Cybergate Naga'. Under the terms of its registration, the Assigned Properties is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cyberpark Davao
The Assigned Properties is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as 'Robinsons Cyberpark Davao'. Under the terms of its registration, the Assigned Properties is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Summit Center
The Assigned Properties is also registered with PEZA (beginning September 1, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004, for creating and designating a building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less, lot located at 6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City, as Information Technology (IT) Building, to be known as 'JG Summit Center'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Equitable Tower
The Assigned Properties is also registered with PEZA (beginning July 21, 2003) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003, for creating and designating a 2,832 square meters parcel of land with an existing 43 storey condominium office building, located at ADB Avenue corner Poveda Street, Pasig city, as an Information Technology (IT) Zone to be known as 'Robinsons Equitable Tower'. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Zone, shall not be entitled to PEZA incentives.

Cyber Sigma
The Assigned Properties is also registered with PEZA (beginning December 16, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations' and PEZA Board Resolution No. 15-027 dated January 30, 2015, for creating and designating a building with a gross floor area of 79,124.33 square meters as an Information Technology Center to be known as the 'Cyber Sigma' which stands on a parcel of land located along Lawton Avenue, Bonifacio South, Taguig City containing an aggregate area of 5,000 square meters more or less. Under the terms of its registration, the Assigned Properties, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

24. Other Matters

COVID-19 Pandemic
Following the outbreak of the coronavirus disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 coronavirus disease ('COVID-19') outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020 which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.

With public health and safety in mind and in full cooperation with the government, the Assigned Properties remained open to support establishments offering essential services such as IT-Business Process Management (IT-BPM) firms.

The Assigned Properties also institutionalized heightened cleanliness standards and invested in contactless technologies to minimize health and safety risks. While the ensuring business continuity, employee welfare and protection remained of utmost priority with the adoption of remote work arrangements and a digital workplace.

Furthermore, the Assigned Properties has rolled out innovative solutions in response to the changed business landscape. The Assigned Properties continued to expand its 'work.able' brand to capitalize on the growing demand for flexible workspaces.

The Assigned Properties is cognizant of COVID-19's potential material impact on their financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nevertheless, the Assigned Properties expects to regain its significant foothold in the market it operates in as movement restrictions ease and as consumer sentiment recovers. Furthermore, despite unprecedented headwinds, the Assigned Properties' financial position remains stable and strong on the back of its well-balanced business portfolio.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President signed into law the CREATE Act which eyes to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems which will take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, which will be on April 11, 2021. For the detailed discussion of the CREATE Act, refer to Note 18.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties) as at December 31, 2020, 2019, 2018 and 2017 and for the years then ended, and have issued our report thereon dated May 10, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Combined Carve-out Financial Statements and Supplementary Schedules are the responsibility of the Assigned Properties' management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

May 10, 2021

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the combined carve-out financial statements of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties to be transferred to Robinsons Realty and Management Corporation) (the Assigned Properties) as at December 31, 2020, 2019, 2018, and 2017 and for the years then ended, and have issued our report thereon dated May 10, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Assigned Properties' management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Assigned Properties' combined carve-out financial statements as at December 31, 2020, 2019, 2018, and 2017 and for each of the four years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
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PTR No. 8534357, January 4, 2021, Makati City

May 10, 2021

RLC REIT PROPERTIES

INDEX TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Combined Carve-out Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Contributed Capital
68-E	Components of Financial Soundness Indicators

SCHEDULE A

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2020

The Assigned Properties does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as of December 31, 2020.

SCHEDULE B

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020

The Assigned Properties does not have amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) above ₱1.00 million or 1% of total assets as of December 31, 2020.

RLC REIT PROPERTIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF COMBINED CARVE-OUT FINANCIAL STATEMENTS DECEMBER 31, 2020

	Receivable Balance	Payable Balance	Current portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2020

Long-term Debt			
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption 'current portion of long-term' in related balance sheet	Amount shown under caption 'long-term debt' in related balance sheet
N/A	N/A	N/A	N/A

SCHEDULE E

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020

Indebtedness to Related Parties (Long-term Loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

SCHEDULE F

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the Assigned Properties for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

SCHEDULE G

RLC REIT PROPERTIES
SUPPLEMENTARY SCHEDULE OF CONTRIBUTED CAPITAL
DECEMBER 31, 2020

Contributed Capital						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
N/A	N/A	N/A	N/A	N/A	N/A	N/A

SCHEDULE 68-E

RLC REIT PROPERTIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020

Ratio	Formula	**December 31, 2020**	December 31, 2019	December 31, 2018	December 31, 2017
Current ratio	Current assets / Current liabilities	**0.97**	0.78	0.99	1.13
Acid test ratio	Quick assets / Current liabilities (Quick assets includes cash)	**0.93**	0.74	0.63	0.52
Solvency ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)/ Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	**–**	–	–	–
Debt-to-equity ratio	Interest-bearing bank debts / Stockholders' equity	**–**	–	–	–
Asset-to-equity ratio	Total assets / Stockholders' equity	**1.35**	1.34	1.28	1.24
Interest rate coverage ratio	EBITDA / Interest expense (from interest-bearing bank debts)	**–**	–	–	–
Return on equity	Net income / Average total stockholders' equity	**0.22**	0.19	0.16	0.13
Return on assets	Net income / Average total assets	**0.16**	0.15	0.13	0.11
Net profit margin	Net income / Total revenue	**0.50**	0.48	0.48	0.47

ROBINSONS REALTY MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

May 10, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of **Robinsons Realty and Management Corporation** (the Company) is responsible for the preparation and fair presentation of the reviewed proforma financial information including the schedules attached therein as of and for the year ended December 31, 2020 covering the twelve (12) office assets to be transferred to the Company and two (2) office assets under building lease, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the proforma financial information, including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has reviewed the proforma financial information of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

Signed this ______ day of ______

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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November 6, 2018, valid until November 5, 2021

REPORT ON THE COMPILATION OF PRO-FORMA CONDENSED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Stockholders and Board of Directors
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines

We have completed our assurance engagement to report on the compilation of the pro-forma condensed financial information of Robinsons and Realty Management Corporation (the Company) by the Company's management. The pro-forma condensed financial information consists of the pro-forma statement of financial position as at December 31, 2020 and the pro-forma statement of comprehensive income, pro-forma statement of changes in equity, pro-forma statement of cash flows for the year then ended and related notes. The applicable criteria on the basis of which the Company's management has compiled the pro-forma condensed financial information are described in Note 2 to the pro-forma condensed financial information.

The pro-forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 3 on the Company's financial position as at December 31, 2020, the end of the period presented, and its financial performance and cash flows for the year ended December 31, 2020, as if the transactions had taken place at January 1, 2020, which is the beginning of the period presented. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted by Company's management from the Company's audited financial statements and from the combined carve-out financial statements of RLC REIT Properties as at and for the year ended December 31, 2020 for which audit reports have been issued on March 26, 2021 and May 10, 2021, respectively.

Responsibility for the Pro-Forma Financial Information
The Company's management is responsible for compiling the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

Auditor's Responsibilities
Our responsibility is to express an opinion, as required by Section 9, Part II of the Revised Securities Regulation Code Rule 68, about whether the pro-forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

We conducted our engagement in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus,* issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro-forma condensed financial information on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma condensed financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro-forma condensed financial information.

The purpose of the pro-forma condensed financial information included in a REIT plan is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the beginning of period presented, would have been as presented.

As reasonable assurance engagement to report on whether the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro-forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro-forma adjustments give appropriate effect to those criteria; and
- the pro-forma condensed financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro-forma condensed financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro-forma condensed financial information. We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro-forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro-forma condensed financial information.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
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December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

May 10, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-forma Adjustments (Unaudited) (Note 3.I)	Pro-forma Balances (Unaudited)
ASSETS			
Current assets			
Cash (Note 3.I.a)	₱–	₱18,750,014	₱18,750,014
Receivables (Note 3.I.b)	–	245,933,967	245,933,967
Due from a related party (Note 3.I.c)	6,581,793	666,695,976	673,277,769
Total Current Assets	6,581,793	931,379,957	937,961,750
Noncurrent Assets			
Investment properties (Note 3.I.d)	–	59,046,000,000	59,046,000,000
Right-of-use asset (Note 3.I.e)	–	558,796,086	558,796,086
Other noncurrent assets (Note 3.I.f)	–	51,837,749	51,837,749
Total Noncurrent Assets	–	59,656,633,835	59,656,633,835
	₱6,581,793	₱60,588,013,792	₱60,594,595,585
LIABILITIES AND EQUITY			
Current Liabilities			
Deposits and other current liabilities (Note 3.I.g)	₱–	₱237,082,293	₱237,082,293
Noncurrent Liabilities			
Lease liability (Note 3.I.h)	–	238,276,354	238,276,354
Deposits and other noncurrent liabilities (Note 3.I.g)	–	1,057,829,128	1,057,829,128
Total Noncurrent Liabilities	–	1,296,105,482	1,296,105,482
Total Liabilities	–	1,533,187,775	1,533,187,775
Equity			
Capital stock (Note 3.I.i)	6,250,000	9,942,747,197	9,948,997,197
Additional paid-in capital (Note 3.I.j)	–	49,112,078,820	49,112,078,820
Retained earnings	331,793	–	331,793
Total Equity	6,581,793	59,054,826,017	59,061,407,810
	₱6,581,793	₱60,588,013,792	₱60,594,595,585

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.II)	Pro-Forma Balances (Unaudited)
REVENUE			
Rental income	₱–	₱3,944,481,041	₱3,944,481,041
Income from dues - net	–	890,025,396	890,025,396
	–	4,834,506,437	4,834,506,437
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES			
Increase in fair value of investment properties	–	1,491,480,268	1,491,480,268
Straight-line adjustment	–	(238,854,192)	(238,854,192)
Lease commissions	–	(13,645,863)	(13,645,863)
	–	1,238,980,213	1,238,980,213
Other income	–	5,872,887	5,872,887
		6,079,359,537	6,079,359,537
COSTS AND EXPENSES			
Direct operating costs	–	381,958,280	381,958,280
General and administrative expenses	18,950	452,054,909	452,073,859
Interest expense	–	9,988,013	9,988,013
	18,950	844,001,202	844,020,152
INCOME (LOSS) BEFORE INCOME TAX	(18,950)	5,235,358,335	5,235,339,385
PROVISION FOR INCOME TAX	–	1,548,822,506	1,548,822,506
NET INCOME (LOSS)	(18,950)	3,686,535,829	3,686,516,879
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱18,950)	₱3,686,535,829	₱3,686,516,879
Number of Common Shares	6,250,000	9,942,747,197	9,948,997,197
Basic/Diluted Earnings Per Share (Note 4)	₱0.00	₱0.37	₱0.37

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.III)	Pro-Forma Balances (Unaudited)
CAPITAL STOCK			
Paid-in capital			
Balance at beginning of year	₱6,250,000	₱–	₱6,250,000
Issuance of shares of stock	–	9,942,747,197	9,942,747,197
Balance at end of year	6,250,000	9,942,747,197	9,948,997,197
Additional paid-in capital			
Balance at beginning of year	–	–	–
Additions during the year	–	49,112,078,820	49,112,078,820
Balance at end of year	–	49,112,078,820	49,112,078,820
	6,250,000	59,054,826,017	59,061,076,017
RETAINED EARNINGS			
Balance at beginning of year	350,743	–	350,743
Total comprehensive income (loss)	(18,950)	3,686,535,829	3,686,516,879
Other pro-forma adjustments (Note 3.III)	–	(3,686,535,829)	(3,686,535,829)
Balance at end of year	331,793	–	331,793
	₱6,581,793	₱59,054,826,017	₱59,061,407,810

See accompanying Notes to Pro-Forma Condensed Financial Information.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

PRO-FORMA STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Robinsons Realty and Management Corporation (Audited)	Pro-Forma Adjustments (Unaudited) (Note 3.IV)	Pro-forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax (Note 3.IV.a)	(₱18,950)	₱5,235,358,335	₱5,235,339,385
Adjustments for:			
Fair value change in investment properties (Note 3.IV.b)	–	(1,238,980,213)	(1,238,980,213)
Interest expense (Note 3.IV.c)	–	9,988,013	9,988,013
Amortization of right-of-use asset (Note 3.IV.d)	–	28,299,150	28,299,150
Operating income (loss) before working capital changes	(18,950)	4,034,665,285	4,034,646,335
Changes in operating assets and liabilities:			
Increase in receivables (Note 3.IV.e)	–	(177,216,298)	(177,216,298)
Increase (decrease) in:			
Accounts and other payables (Note 3.IV.f)	(35,983)	2,215,973	2,179,990
Deposits and other liabilities (Note 3.IV.g)	–	(98,118,655)	(98,118,655)
Cash generated from (used in) operations	(54,933)	3,761,546,305	3,761,491,372
Income tax paid (Note 3.IV.h)	–	(936,688,890)	(936,688,890)
Net cash flows provided by (used in) operating activities	(54,933)	2,824,857,415	2,824,802,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties (Note 3.IV.i)	–	(47,184,878)	(47,184,878)
Decrease in other noncurrent assets (Note 3.IV.j)	–	2,985,167	2,985,167
Net cash flows used in investing activities	–	(44,199,711)	(44,199,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in due from a related party	54,933	–	54,933
Proceeds from issuance of capital stock (Note 3.IV.k)	–	18,750,014	18,750,014
Net cash flows provided by financing activities	54,933	18,750,014	18,804,947
Other proforma adjustments (Note 3.IV)	–	(2,780,657,704)	(2,780,657,704)
NET INCREASE IN CASH	–	18,750,014	18,750,014
CASH AT BEGINNING OF YEAR	–	–	–
CASH AT END OF YEAR	₱–	₱18,750,014	₱18,750,014

See accompanying Notes to Pro-Forma Condensed Financial Information.

NOTES TO PRO-FORMA CONDENSED FINANCIAL STATEMENTS

1. **Corporate Information**

Robinsons Realty and Management Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease or otherwise, and to own, develop, sell, mortgage, lease, and hold for investment or otherwise, real estate of all kinds. It is a wholly-owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

Pro-forma Information

Amendment of the Articles of Incorporation

On April 15, 2021, the Board of Directors (BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation resulting to, among other things, the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ("the REIT Act"), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Execution of Property-for-Share Swap Agreement

On April 15, 2021, a Comprehensive Deed of Assignment (Deed of Assignment) was executed between the Company and RLC for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap). Ownership of the land on which the Assigned Properties are situated shall remain with RLC.

The Assigned Properties consists of: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1; and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center.

The amendments to the Company's Articles of Incorporation and the Property-for-Share Swap shall be subject to customary regulatory review and approvals by the SEC.

The unaudited pro-forma condensed financial information as at and for the year ended December 31, 2020 were authorized for issue by the BOD on May 10, 2021.

2. Basis of Preparing Pro-Forma Financial Information

The pro-forma condensed financial information has been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code Rule 68 (Revised SRC Rule 68).

The pro-forma condensed financial information has been prepared solely for the inclusion in the REIT Plan prepared by the Company's management in connection with its planned real estate investment trust (REIT) offering. The pro-forma condensed financial information should be read in conjunction with the audited financial statements of the Company as at and for year ended December 31, 2020 and the audited combined carve-out financial statements of RLC REIT Properties as at and for the years ended December 31, 2020, 2019, 2018 and 2017.

The pro-forma condensed financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting, with changes in fair value being recognized in profit or loss.

The objective of this pro-forma condensed financial information is to show what the significant effects on the historical financial information might have been had the transactions described below occurred at an earlier date. However, the pro-forma condensed financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the transactions described below actually occurred at an earlier date. The pro-forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The pro-forma condensed consolidated information has not been prepared in accordance to the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

<u>Significant Transactions</u>

Execution of Property-for-Share Swap Agreement

The pro-forma condensed financial information, which was prepared in connection with the planned REIT offering, includes the execution of a Comprehensive Deed of Assignment between the Company and RLC, wherein RLC assigns, transfers and conveys its ownership, rights, title, contracts, deposits, receivables and interests in and to the Assigned Properties free from all liens and encumbrances, in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares in the Company with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183).

Simultaneous with the assignment, transfer and conveyance of all of its rights, title, contracts, security deposits to utility and professional service providers, receivables, deposits from tenants and interest in and to the Assigned Properties is the assignment by RLC to the Company of its rights, interests and obligations as a lessee including prepaid rent under the 25-year operating lease agreement it entered into with Bases Conversion Development Authority (BCDA) in 2014 for a long-term lease of approximately 5,000 sqm parcel of land along Lawton Avenue, Bonifacio

South, Taguig City where Cyber Sigma is currently located. BCDA is a government agency charged with the development and conversion of former military reservations, among others. The operating lease agreement was initially executed between BCDA and Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp. and wholly-owned subsidiary of the Parent Company). With the approval of BCDA, it was later assigned to the Parent Company through an execution of a Deed of Assignment.

Furthermore, RLC undertakes to coordinate with the Company on the transfer of its registration with the Philippine Economic Zone Authority (PEZA). All the Assigned Properties are registered with PEZA as either an Ecozone IT Enterprise or an IT Center.

Subsequent to the approval of the increase in authorized capital stock by the SEC, fourteen (14) shares shall be issued to the directors of the Company.

The Company will account for the Property-for-Share Swap as acquisition of assets as it does not constitute a business combination.

Collection of Subscription Receivable
In 2021, the Company received a total of ₱18.75 million from RLC representing its payment for its unpaid subscription. Accordingly, a total of Eighteen Million Seven Hundred Fifty Thousand (18,750,000) shares were issued.

Execution of Lease Agreements with RLC as Lessor
The pro-forma condensed financial information includes the execution of the planned long-term land and building lease agreements between the Company, as lessee and RLC, as lessor. The planned land lease agreements pertain to the lease of parcels of land owned by RLC where the Assigned Properties are located. Meanwhile, the planned building lease agreements pertain to the lease of two of RLC's PEZA-registered office buildings located in Mandaluyong City namely Robinsons Cybergate 2 and Robinsons Cybergate 3.

Under the terms of the planned lease agreements, the Company shall pay RLC a monthly rental fee equivalent to seven percent (7%) of the monthly rental income from the lease of office spaces, retail shops and parking slots to tenants. The planned lease terms are for a period of up to ninety-nine (99) years.

Execution of Lease Agreements with RLC as a Lessee
The pro-forma condensed financial information includes the execution of the planned long-term lease agreements between the Company, as lessor and RLC, as lessee for the lease of spaces within some of the Assigned Properties.

Under the terms of some of the planned lease agreements, RLC shall pay the Company a fixed monthly rental fee with an annual escalation, while under the terms of the other lease agreements RLC shall pay the Company a combination of fixed and variable monthly rental fee. The variable component is based on a percentage of gross revenues. The planned lease terms are for a period of twenty (20) years.

3. **Pro-Forma Adjustments**

The pro-forma condensed financial information is based on the historical information of the Company as shown in the audited financial statements as at December 31, 2020 and for the year then ended, and after giving effect to certain assumptions and pro-forma adjustments described in the succeeding paragraphs. The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The pro-forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding paragraphs occurred as at December 31, 2020 or as at January 1, 2020 of the period presented as the case may be, nor does it purport to project the results of operation of the Company for any future period or date. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent have been satisfied.

For the purpose of the pro-forma statement of comprehensive income, changes in equity and cash flows, the transactions are assumed to have occurred on January 1, 2020, the beginning of the period presented. For the purpose of the pro-forma statement of financial position as at December 31, 2020, the transaction is assumed to have occurred on December 31, 2020, the end of the period presented.

I. Pro-forma adjustments to the statement of financial position as of December 31, 2020

Pro-forma adjustments to the statement of financial position shall be computed assuming the transaction was consummated at the end of the most recent period for which a statement of financial position as required under Revised SRC Rule 68 and shall include adjustments which give effect to events that are directly attributable to the transaction and factually supportable regardless of whether they have a continuing impact or are nonrecurring.

Pro-forma adjustments have been made to include the execution of Property-for-Share Swap Agreement into the pro-forma condensed financial information which resulted in the recognition of the following:

a) Cash amounting to ₱18.75 million;
b) Receivables amounting to ₱245.93 million;
c) Due from a related party of ₱666.70 million;
d) Investment properties amounting to ₱59,046.00 million;
e) Right-of-use asset relating to lease agreement with BCDA amounting to ₱558.80 million;
f) Other noncurrent assets amounting to ₱51.84 million;
g) Deposits and other liabilities amounting to ₱1,294.91 million;
h) Lease liability relating to lease agreement with BCDA amounting to ₱238.28 million;
i) Capital stock of ₱9,942.75 million for the issuance of 9,942.75 million common shares at ₱1.00 par value; and
j) Additional paid-in capital amounting to ₱49,112.00 million, the excess of fair value of the Assigned Properties over shares issued in accordance with Property-for-Share Swap and after deducting the share issuance cost of ₱9.92 million

Fair Value Accounting
The historical information of the Company as shown in the audited financial statements as at December 31, 2020 and for the year then ended, accounted for investment properties under cost model. However, under the REIT Law, there is a need to determine the Net Asset Value (NAV). NAV is the adjusted net asset value reflecting the fair values of total assets and investible funds held by the REIT, less total liabilities. Accordingly, the Company will opt to account for the REIT assets at fair value in accordance with PAS 40, *Investment Property.*

Under fair value accounting, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on the “income approach” which are based on the buildings discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The fair values of the assets as at December 31, 2020 have been determined by an independent third-party appraiser (independent appraiser) which provided the valuation reports, while as at January 1, 2020 the fair values have been determined by the Company. Both the valuation was made on the basis of market value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” To arrive at the market value of the Assigned Properties, the independent appraiser and the Company used the income approach, specifically the discounted cash flow (“DCF”) analysis. This is the method usually used to determine the value of an income-generating property, as it also captures the property’s future economic benefits, giving a representation of the relevant property’s market value at an acceptable rate of return that would compensate for the risks associated with that particular investment. The significant assumptions used in the valuation for both December 31, 2020 and January 1, 2020 are discount rates ranging from 8%-9% and capitalization rate of 3%.

II. Pro-forma adjustments to the pro-forma statement of comprehensive income for the year ended December 31, 2020

Pro-forma adjustments have been made to include the Assigned Properties statement of comprehensive income for the year ended December 31, 2020 and considered the execution of Lease Agreements with RLC into the Company’s pro-forma condensed financial information as follows:

REVENUE	
Rental income	₱3,944,481,041
Income from dues - net	890,025,396
	4,834,506,437
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	
Increase in fair value of investment properties	1,491,480,268
Straight-line adjustment	(238,854,192)

(Forward)

Lease commissions	(₱13,645,863)
	1,238,980,213
Other income [a]	5,872,887
	6,079,359,537
COSTS AND EXPENSES	
Direct operating costs	381,958,280
General and administrative expenses	452,054,909
Interest expense	9,988,013
	844,001,202
INCOME BEFORE INCOME TAX	5,235,358,335
PROVISION FOR INCOME TAX	1,548,822,506
NET INCOME	3,686,535,829
OTHER COMPREHENSIVE INCOME	–
TOTAL COMPREHENSIVE INCOME	₱3,686,535,829

(a) Other income pertains to income earned from forfeitures and penalties charged to tenants for late payments

As discussed in Note 2, the Company will lease two of RLC's PEZA-registered office buildings located in Mandaluyong City namely Robinsons Cybergate 2 and Robinsons Cybergate 3. Under the terms of the planned lease agreements, the Company shall pay RLC a monthly rental fee equivalent to seven percent (7%) of the monthly rental income from the lease of office spaces, retail shops and parking slots to tenants. The planned lease terms are for a period of up to ninety-nine (99) years.

RLC benefits from certain tax incentives such as the 5% Special Tax on Gross Income ("5% Gross Income Tax" or "5% GIT") under Section 24 of Republic Act (R.A.) No. 7916, amended by R.A. No. 8748 on income/operations from/for services to Ecozone IT Enterprises and IT Centers registered with Philippine Economic Zone Authority (PEZA) such as Luisita 1, Cyberpark Delta, Cybergate Naga, Robinsons Cybergate 2 and Robinsons Cybergate 3.

For purposes of the income tax consideration, the 5% GIT has been considered. RLC will assign all the rights and obligations arising from the Registration Agreement it had executed with PEZA for the above-mentioned properties to the Company. The Company will apply and register with the PEZA to take over the registration under the name of RLC with the same terms and conditions under the PEZA registration agreement for the above-mentioned properties.

III. Pro-forma adjustments to the pro-forma statement of changes in equity for the year ended December 31, 2018

1. Pro-forma net income

   Included the pro-forma net income as reflected in the pro-forma statement of comprehensive income for the year ended December 31, 2020 as discussed in Section 3.II.

2. Other pro-forma adjustments amounting to ₱3,686.54 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement and the pro-forma statement of comprehensive income which assumed the transactions discussed in Section 3.II occurred as of January 1, 2020.

IV. Pro-forma adjustments to the pro-forma statement of cash flows for the year ended December 31, 2020

1. Pro-forma adjustments have been made to include the balances of the Assigned Properties statement of cash flows for the year ended December 31, 2020, the collection of subscription receivable of the Company, and considered the execution of Lease Agreements with RLC into the Company's pro-forma condensed financial information as follows:

   a) Pro-forma adjustment relating to pro-forma income before income tax as discussed in Section 3.II;
   b) Pro-forma adjustment for the fair value change in investment properties amounting to ₱1,238.98 million;
   c) Pro-forma adjustment for interest expense relating to lease liability with BCDA amounting to ₱9.99 million;
   d) Pro-forma adjustment for non-cash amortization or right-of-use asset amounting to ₱28.30 million;
   e) Increase in receivables amounting to₱177.22 million;
   f) Increase in accounts and other payables amounting to ₱2.22 million;
   g) Decrease in deposits and other liabilities amounting to ₱98.12 million;
   h) Payment of income tax amounting to ₱936.69 million;
   i) Additions to investment properties amounting to ₱47.18 million;
   j) Decrease in other noncurrent assets amounting to ₱2.99 million;
   k) Proceeds from issuance of capital stock amounting to ₱18.75 million.

2. Other pro-forma adjustments amounting to ₱2,780.66 million have been made to take into account the different assumptions in the pro-forma statement of financial position which already include the execution of Property-for-Share Swap Agreement, execution of Deed of Assignment and execution of Lease Agreements with RLC and the pro-forma statement of cash flows which assumed the transaction occurred as of January 1, 2020.

4. **Pro Forma Earnings (Loss) Per Share**

The Company's pro-forma basic/diluted earnings (loss) per share for the year ended December 31, 2020 is computed as follows:

Pro-forma net income attributable to the equity holder of the Company	₱3,686,516,879
Divided by weighted average number of common shares	9,948,997,197
Basic/Diluted earnings per share	₱0.37

The Company's historical basic/diluted loss per share as of December 31, 2020 is computed as follows:

Net loss attributable to the equity holder of the Company	(₱18,950)
Divided by weighted average number of common shares	6,250,000
Basic/Diluted loss per share	(₱0.00)

The Company also assessed that there were no potential dilutive common shares as of December 31, 2020.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

March 26, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Robinsons Realty and Management Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the calendar years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

SUBSCRIBED AND SWORN TO BEFORE me,
this APR 08 2021 Quezon City, Affiant
exhibited to me his/ her ____________
________ issued at ________________
on ______ Competent Evidence of Identity

ATTY. JAY T. BORROMEO
Notary Public
For and in Quezon City
Valid Until Dec 31, 2022
IBP No. 132416 / 11-10-20 for 2021, Quezon City
PTR No. 0598970 / 01-04-21, Quezon City
Roll No. 49649 / TIN 156-545-237
Adm Matter No. NP-005 (2021-2022)
MCLE Compliance No. VII-0002196

Signed this ____ day of ______

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SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which discusses that on February 21, 2012, the Company's BOD approved the merger of the Company, Robinsons Land Corporation and Robinsons Inn Incorporated (wholly-owned subsidiary of RLC), wherein RLC shall be the surviving entity. As of December 31, 2020, the Plan of Merger has not been filed with SEC. Our opinion is not modified in respect of this matter.

Other Matter

We have previously issued our auditor's report dated January 14, 2021 on the Company's financial statements as at and for the years ended September 30, 2020 and 2019 and expressed an unqualified opinion on those financial statements. As discussed in Note 2 to the financial statements, the Company previously issued and filed its financial statements with the Bureau of Internal Revenue (BIR) and the

Securities and Exchange Commission (SEC) using September 30 as financial reporting period. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. The accompanying financial statements as at and for the years ended December 31, 2020 and 2019 have been prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

Responsibilities of Management and Those Charged with Governance for the Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Robinsons Realty and Management Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
SEC Accreditation No. 1801-A (Group A),
December 17, 2019, valid until December 16, 2022
Tax Identification No. 248-415-617
BIR Accreditation No. 08-001998-136-2020,
February 20, 2020, valid until February 19, 2023
PTR No. 8534352, January 4, 2021, Makati City

March 26, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION

(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Advances to Parent Company (Note 4)	**₱6,581,793**	₱6,636,726
TOTAL ASSETS	**₱6,581,793**	₱6,636,726
LIABILITY AND EQUITY		
Liability		
Accrued expenses	**₱–**	₱35,983
Equity		
Capital stock - ₱1 par value		
Authorized - 100,000,000 shares		
Subscribed - 25,000,000 shares (net of subscriptions receivable of ₱18,750,000)	**6,250,000**	6,250,000
Retained earnings	**331,793**	350,743
Total Equity	**6,581,793**	6,600,743
TOTAL LIABILITY AND EQUITY	**₱6,581,793**	₱6,636,726

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION

(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
INCOME		
Interest income	**₱–**	₱267,159
EXPENSES		
Professional fees	**18,400**	35,983
Taxes and licenses	**500**	–
Travel	**50**	–
	18,950	35,983
NET INCOME (LOSS)	**(18,950)**	231,176
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱18,950)**	₱231,176

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock	Retained Earnings	Total
Balances at December 31, 2018	**₱6,250,000**	**₱6,370,274**	**₱12,620,274**
Total comprehensive income	–	231,176	231,176
Cash dividends (Note 8)	–	(6,250,707)	(6,250,707)
Balances at December 31, 2019	**6,250,000**	**350,743**	**6,600,743**
Total comprehensive loss	–	(18,950)	(18,950)
Balances at December 31, 2020	**₱6,250,000**	**₱331,793**	**₱6,581,793**

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**(₱18,950)**	₱231,176
Adjustment for interest income	–	(267,159)
Operating loss before working capital changes	**(18,950)**	(35,983)
Increase (decrease) in accrued expenses	**(35,983)**	29,625
Net cash flows used in operating activities	**(54,933)**	(6,358)
Interest received	–	300,642
Net cash flows generated from (used in) operating activities	**(54,933)**	294,284
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in advances to Parent Company (Note 9)	**54,933**	(7,260,691)
Payment of cash dividends (Note 8)	–	(6,250,707)
Net cash flows generated from (used in) financing activities	**54,933**	(13,511,398)
NET DECREASE IN CASH EQUIVALENTS	–	(13,217,114)
CASH EQUIVALENTS AT BEGINNING OF YEAR	–	13,217,114
CASH EQUIVALENTS AT END OF YEAR	**₱–**	₱–

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds. The Company is a wholly-owned subsidiary of Robinsons Land Corporation (RLC), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

On February 21, 2012, the Company's Board of Directors (BOD) approved the merger of RLC, the Company and Robinson's Inn, Incorporated (RII) wherein RLC shall be the surviving entity under the terms and Conditions of a Plan Merger. Both the Company and RII are wholly-owned subsidiaries of RLC. As of December 31, 2020, the merger has not been filed with the SEC pending finalization of the required documentations and approval thereof from the stockholders.

The registered office address of the Company is at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines. The accounting and administrative functions of the Company are being performed by the employees of RLC.

The financial statements of the Company as at and for the years ended December 31, 2020 and 2019 were authorized for issue by the BOD on March 26, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. Amounts are rounded off to the nearest peso, except when otherwise indicated.

The Company previously issued its financial statements as at and for the years ended September 30, 2020 and 2019 which the BOD approved on January 14, 2021. The Company filed its financial statements with the Bureau of Internal Revenue (BIR) and SEC using September 30 as financial reporting period based on a response letter from the BIR dated January 15, 1997 approving the change in accounting period from calendar to fiscal year basis which shall start from 1st day of October and end on the 30th day of September on the immediately succeeding year. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. Thus, the financial statements as at and for the years ended December 31, 2020 and 2019 are prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Company is exempted from applying PFRS for Small and Medium-sized Entities since it is part of a group that is reporting under the full PFRS.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except the adoption of the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Summary of Significant Accounting and Financial Reporting Policies
The significant accounting policies that have been used in the preparation of the financial statements are summarized below.

Current versus Non-current Classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Financial Instruments
The Company recognizes a financial asset in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial Assets
Initial recognition
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are ‘solely for payment of principal and interest’ (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets as of December 31, 2020 and 2019 consists of amortized cost. The Company has no financial assets at FVOCI and FVTPL as of December 31, 2020 and 2019.

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include advances to Parent Company.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

As of December 31, 2020 and 2019, the financial liabilities of the Company are classified as other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities. All loans and other borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and other borrowings are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

This accounting policy applies primarily to the Company's accrued expenses, advances from Parent Company and other obligations that meet the above definitions (other than liabilities covered by the other accounting standards).

Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in statement of financial position. The Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Equity
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Subscription receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Company, dividends, distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Interest Income
Interest income is recognized as the interest accrues (using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Provisions
Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, with certain exceptions and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income/liability will be available against which the deductible temporary differences and carryforward benefits of the unused MCIT and NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income/liability will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income/liability will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Events After the Reporting Period

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and notes.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in judgments and estimates are reflected in the financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements, Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred income asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Company has not recognized deferred tax assets as of December 31 2020 and 2019 since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized (see Note 5).

4. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, engages in transactions with RLC primarily consisting of cash advances, which are due and demandable.

The summary of outstanding balances resulting from transactions with RLC follows:

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
Advances to	**2020**	**₱–**	**₱6,581,793**	**Due and demandable;**	**Unsecured**
	2019	₱–	₱6,636,726	Due and demandable;	Unsecured

5. Income Taxes

There is no provision for current income tax in 2020 and 2019 since the Company is in tax loss position.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

	2020	2019
Statutory income tax rate at 30%	**(₱5,685)**	₱69,353
Additions to (reductions in) income tax resulting from:		
Expired NOLCO	**6,971**	5,129
Movements in unrecognized deferred tax asset	**(1,286)**	5,665
Interest income subject to final tax	–	(80,147)
	₱–	₱–

As of December 31, 2020 and 2019, the Company did not recognize deferred tax assets from NOLCO amounting to ₱72,927 and ₱77,213, respectively, since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized.

Bayanihan to Recover as One Act
Republic Act No. 11494 or the Bayanihan to Recover as One Act was signed into law on September 11, 2020. Pursuant to Revenue Regulations No. 25-2020 implementing relevant provisions of the Bayanihan to Recover as One Act relative to Net Operating Loss Carry-Over (NOLCO), unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of the Bayanihan to Recover as One Act, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

Details of NOLCO incurred for taxable year 2020 which are available for offset against future taxable income over a period of five (5) years are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2020	₱18,950	₱–	₱18,950	2025

As of December 31, 2020, the details of NOLCO incurred for taxable years prior to 2020 which are available for offset against future taxable income over a period of three (3) years are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2019	₱35,983	₱–	₱35,983	2023
2018	17,994	–	17,994	2022
2017	23,236	₱23,236	–	2021
	₱77,213	₱23,236	₱53,977	

Movement in NOLCO follows:

	2020	2019
Beginning balances	**₱77,213**	₱58,328
Additions	**18,950**	35,983
Expirations	**(23,236)**	(17,098)
Ending balances	**₱72,927**	₱77,213

"Corporate Recovery and Tax Incentives for Enterprises" or "CREATE" Act
On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 (the CREATE bill). The CREATE bill seeks to reform corporate income taxes and incentives in the country by implementing certain changes to the current tax regulations. These changes include:

- Reduction in the RCIT from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million excluding the value of land on which the particular business entity's office, plant and equipment are situated;
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Lowering of MCIT from 2% to 1% of gross income for 3 years;
- Instead of 10% of taxable income, application of RCIT on regional operating headquarters;

- Standardization of final taxes on foreign corporations to 15%;
- Exemption of foreign sourced dividends received by domestic corporations subject to certain conditions;
- Additional deduction of one-half (1/2) of the value of labor training expenses subject to certain conditions;
- Repeal of the 10% improperly accumulated earnings tax (IAET);
- VAT exemption for medicines for certain critical illnesses; and
- VAT-free importation and sale for 3 years of COVID-19 medicines, personal protective equipment and materials used for their production.

Under the bill, the above changes will be implemented for periods beginning July 1, 2020.

On February 24, 2021, the final version of the CREATE bill as passed by the Bicameral Conference Committee was transmitted to the Office of the President for signing or approval into law. On March 26, 2021, the Office of the President approved the CREATE bill and will subsequently be called Republic Act No. 11534 or CREATE Act. The CREATE Act will become effective 15 days after complete publication in the Official Gazette or any newspaper of general circulation in the Philippines.

The CREATE Act does not have a significant impact on the Company.

6. Financial Instruments

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash equivalents, interest receivable and advances from Parent Company. The main purpose of these financial instruments is to raise fund for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligation as they fall due.

The Company's financial assets and financial liabilities are due and demandable.

Credit risk
The Company monitors receivable balances on an ongoing basis with the result that the Company's exposure to impairment loss is not significant. The Company trades only with related parties. The Company's advances to Parent Company amounting to ₱6,581,793 and ₱6,636,726 are current and collectible as of December 31, 2020 and 2019, respectively (see Note 4).

Credit quality per class of financial assets
The Company classifies its advances to Parent Company as high grade financial asset. High grade financial assets are those assets whose realizability is assured.

The Company has no significant concentration of credit risk.

Fair Values
The Company has determined that carrying amount of advances to Parent Company, reasonably approximates their fair values due to the relatively short-term maturity of these financial instruments.

Fair Value Hierarchy
As of December 31, 2020 and 2019, the Company has no financial instruments to be presented under the fair value hierarchy required by PFRS 7.

7. Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2020 and 2019.

The Company is not subject to externally imposed capital requirements.

8. Dividends

On July 8, 2019, the BOD approved the declaration of dividends amounting to ₱6,250,707 payable to stockholders of record as at June 30, 2019.

On July 10, 2019, the Company paid the cash dividends.

9. Notes to the Statements of Cash Flows

The movement in cash flows from financing activities pertains to amount paid by RLC for the account of the Company.

10. COVID-19 Pandemic

In a move to contain the coronavirus disease (COVID-19) pandemic, 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 State of Calamity throughout the Philippines for a period of six months and imposed an enhance community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020.

The Inter-Agency Task Force (IATF), through Resolution No. 37, approved the guidelines on the implementation of the modified enhanced community quarantine (MECQ) that is in effect in NCR, Central Luzon, Calabarzon and other high-risk areas in Luzon until May 31, 2020. This was subsequently lifted and placed the said areas in general community quarantine (GCQ) starting June 1, 2020. However, on August 4, 2020, the government placed NCR including nearby areas back to MECQ for 15 days until August 18, 2020 to recalibrate strategies against the disease. After the two-week MECQ, the IATF, through Resolution No. 64 approved the recommendation of the IATF Sub

Technical Working Group on Data Analytics to place NCR back under GCQ starting August 19, 2020 until the end of August. On August 31, 2020, the government approved the extension to maintain the imposition of GCQ in NCR until February 28, 2021. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

March 26, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Robinsons Realty and Management Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the calendar years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

SUBSCRIBED AND SWORN TO BEFORE me,
this APR 08 2021 at Quezon City, Affiant
exhibited to me his/ her ________
______ issued at ________
on ______ Competent Evidence of Identity

Signed this ___ day of _____

ATTY. JAY T. BORROMEO
Notary Public
For and in Quezon City
Valid Until Dec. 31, 2022
IBP No. 132416 / 11-10-20 for 2021, Quezon City
PTR No. 0098901 / 01-04-21, Quezon City
Roll No. 49649 / TIN 156-545-237
Adm Matter No. NP-005 (2021-2022)

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Book No. XVI

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which discusses that on February 21, 2012, the Company's BOD approved the merger of the Company, Robinsons Land Corporation and Robinsons Inn Incorporated (wholly-owned subsidiary of RLC), wherein RLC shall be the surviving entity. As of December 31, 2020, the Plan of Merger has not been filed with SEC. Our opinion is not modified in respect of this matter.

Other Matter

We have previously issued our auditor's report dated December 20, 2019 on the Company's financial statements as at and for the years ended September 30, 2019 and 2018 and expressed an unqualified opinion on those financial statements. As discussed in Note 2 to the financial statements, the Company previously issued and filed its financial statements with the Bureau of Internal Revenue (BIR) and the

Securities and Exchange Commission (SEC) using September 30 as financial reporting period. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. The accompanying financial statements as at and for the years ended December 31, 2019 and 2018 have been prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

Responsibilities of Management and Those Charged with Governance for the Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Robinsons Realty and Management Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
SEC Accreditation No. 1801-A (Group A),
December 17, 2019, valid until December 16, 2022
Tax Identification No. 248-415-617
BIR Accreditation No. 08-001998-136-2020,
February 20, 2020, valid until February 19, 2023
PTR No. 8534352, January 4, 2021, Makati City

March 26, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Cash equivalents (Note 4)	**₱–**	₱13,217,114
Interest receivable	**–**	33,483
Advances to Parent Company (Note 5)	**6,636,726**	–
TOTAL ASSETS	**₱6,636,726**	₱13,250,597
LIABILITY AND EQUITY		
Liabilities		
Advances from Parent Company (Note 5)	**₱–**	₱623,965
Accrued expenses	**35,983**	6,358
Total Liabilities	**35,983**	630,323
Equity		
Capital stock - ₱1 par value		
Authorized - 100,000,000 shares		
Subscribed - 25,000,000 shares (net of subscriptions receivable of ₱18,750,000)	**6,250,000**	6,250,000
Retained earnings	**350,743**	6,370,274
Total Equity	**6,600,743**	12,620,274
TOTAL LIABILITY AND EQUITY	**₱6,636,726**	₱13,250,597

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
INCOME		
Interest income	**₱267,159**	₱337,556
EXPENSE		
Professional fees	**35,983**	17,994
NET INCOME	**231,176**	319,562
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱231,176**	₱319,562

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Capital Stock	Retained Earnings	Total
Balances at December 31, 2017	**₱6,250,000**	**₱6,050,712**	**₱12,300,712**
Total comprehensive income	–	319,562	319,562
Balances at December 31, 2018	**6,250,000**	**6,370,274**	**12,620,274**
Total comprehensive income	–	231,176	231,176
Cash dividends (Note 9)	–	(6,250,707)	(6,250,707)
Balances at December 31, 2019	**₱6,250,000**	**₱350,743**	**₱6,600,743**

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**₱231,176**	₱319,562
Adjustment for interest income (Note 4)	**(267,159)**	(337,556)
Operating loss before working capital changes	**(35,983)**	(17,994)
Increase in accrued expenses	**29,625**	6,358
Net cash flows used in operating activities	**(6,358)**	(11,636)
Interest received	**300,642**	307,946
Net cash flows generated from operating activities	**294,284**	296,310
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in advances to Parent Company	**(7,260,691)**	11,636
Payment of cash dividends	**(6,250,707)**	–
Net cash flows generated from (used in) financing activities	**(13,511,398)**	11,636
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	**(13,217,114)**	307,946
CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,217,114**	12,909,168
CASH EQUIVALENTS AT END OF YEAR	**₱–**	₱13,217,114

See accompanying Notes to Financial Statements.

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was registered with the Philippine Securities and Exchange Commission on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds. The Company is a wholly-owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

On February 21, 2012, the Company's Board of Directors (BOD) approved the merger of RLC, the Company and Robinson's Inn, Incorporated (RII) wherein RLC shall be the surviving entity under the terms and Conditions of a Plan Merger. Both the Company and RII are wholly-owned subsidiaries of RLC.

The registered office address of the Company is at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines. The accounting and administrative functions of the Company are being performed by the employees of RLC.

The financial statements of the Company as at and for the years ended December 31, 2019 and 2018 were authorized for issue by the BOD on March 26, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. Amounts are rounded off to the nearest peso, except when otherwise indicated.

The Company previously issued its financial statements as at and for the years ended September 30, 2019 and 2018 which the BOD approved on December 20, 2019. The Company filed its financial statements with the Bureau of Internal Revenue (BIR) and SEC using September 30 as financial reporting period based on a response letter from the BIR dated January 15, 1997 approving the change in accounting period from calendar to fiscal year basis which shall start from 1st day of October and end on the 30th day of September on the immediately succeeding year. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. Thus, the financial statements as at and for the years ended December 31, 2019 and 2018 are prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Company is exempted from applying PFRS for Small and Medium-sized Entities since it is part of a group that is reporting under the full PFRS.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except the adoption of the following new accounting pronouncements starting October 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- PFRS 16, *Leases*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)

Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of the financial statements are summarized below.

Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Cash Equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to insignificant risk of changes in value.

Financial Instruments
The Company recognizes a financial asset in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial Assets
Initial recognition
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely for payment of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets as of December 31, 2019 and 2018 consists of amortized cost. The Company has no financial assets at FVOCI and FVTPL as of December 31, 2019 and 2018.

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include advances to Parent Company.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Initial recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

As of December 31, 2019 and 2018, the financial liabilities of the Company are classified as other financial liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities. All loans and other borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and other borrowings are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

This accounting policy applies primarily to the Company's accrued expenses, advances from Parent Company and other obligations that meet the above definitions (other than liabilities covered by the other accounting standards).

Offsetting Financial Assets and Financial Liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in statement of financial position. The Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Derecognition of Financial Assets and Liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Equity

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Subscription receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Company, dividends, distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Interest Income

Interest income is recognized as the interest accrues (using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Provisions

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, with certain exceptions and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income/liability will be available against which the deductible temporary differences and carryforward benefits of the unused MCIT and NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income/liability will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income/liability will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Events After the Reporting Period

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and notes.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in judgments and estimates are reflected in the financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements, Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred income asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Company has not recognized deferred tax assets in 2019 and 2018 since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized (see Note 6).

4. Cash Equivalents

Cash equivalents pertain to short-term deposits which are made for varying periods or up to three months depending on the immediate cash requirements of the Company, and earn interest ranging from 4.5% to 4.75% and 1.125% to 4.75% in 2019 and 2018, respectively. Interest income from short-term deposits amounted to ₱267,159 and ₱337,556 in 2019 and 2018, respectively.

5. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, engages in transactions with RLC primarily consisting of cash advances, which are due and demandable.

The summary of outstanding balances resulting from transactions with RLC follows:

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
Advances to	**2019**	**₱–**	**₱6,636,726**	**Due and demandable;**	**Unsecured**
Advances from	2018	₱–	₱623,965	Due and demandable;	Unsecured

6. Income Taxes

There is no provision for current income tax in 2019 and 2018 since the Company is in tax loss position.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

	2019	2018
Statutory income tax rate at 30%	**₱69,353**	₱95,869
Additions to (reductions in) income tax resulting from:		
Expired NOLCO	**5,129**	5,825
Movements in unrecognized deferred tax asset	**5,665**	(427)
Interest income subject to final tax	**(80,147)**	(101,267)
	₱–	₱–

As of December 31, 2019 and 2018, the Company did not recognize deferred tax assets from NOLCO amounting to ₱77,213 and ₱58,328, respectively, since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized.

As of December 31, 2019, the details of NOLCO incurred which are available for offset against future taxable income over a period of three (3) years are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2019	₱35,983	₱–	₱35,983	2022
2018	17,994	–	17,994	2021
2017	23,236	–	23,236	2020
2016	17,098	17,098	–	2019
	₱94,311	₱23,236	₱77,213	

Movement in NOLCO follows:

	2019	2018
Beginning balances	**₱58,328**	₱59,750
Additions	**35,983**	17,994
Expirations	**(17,098)**	(19,416)
Ending balances	**₱77,213**	₱58,328

7. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Company’s principal financial instruments comprise of cash equivalents, interest receivable and advances from Parent Company. The main purpose of these financial instruments is to raise fund for the Company’s operations.

It is, and has been throughout the year under review, the Company’s policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company’s financial instruments are liquidity risk and credit risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligation as they fall due.

The Company’s financial assets and financial liabilities are due and demandable.

Credit risk
The Company monitors receivable balances on an ongoing basis with the result that the Company's exposure to impairment loss is not significant. The Company trades only with related parties. The Company's advances to Parent Company amounting to ₱6,636,726 and nil are current and collectible as of December 31, 2019 and 2018, respectively (see Note 5).

Credit quality per class of financial assets
The Company classifies its advances to Parent Company as high grade financial asset. High grade financial assets are those assets whose realizability is assured.

The Company has no significant concentration of credit risk.

Fair Values
The Company has determined that carrying amount of advances to Parent Company, reasonably approximates their fair values due to the relatively short-term maturity of these financial instruments.

Fair Value Hierarchy
As of December 31, 2019 and 2018, the Company has no financial instruments to be presented under the fair value hierarchy required by PFRS 7.

8. Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2019 and 2018.

The Company is not subject to externally imposed capital requirements.

9. Dividends

On July 8, 2019, the BOD approved the declaration of dividends amounting to ₱6,250,707 payable to stockholders of record as at June 30, 2019.

On July 10, 2019, the Company paid the cash dividends.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
Galleria Corporate Center, EDSA cor., Ortigas Ave., Quezon City

March 26, 2021

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Robinsons Realty and Management Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the calendar years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FREDERICK D. GO
Chairman and President

KERWIN MAX S. TAN
VP - Treasurer

SUBSCRIBED AND SWORN TO BEFORE me,
this APR 08 2021 at Quezon City, Affiant
exhibited to me his/ her ________
________ issued at ________
on ________ Competent Evidence of Identity

ATTY. JAY T. BORROMEO
Notary Public
For and in Quezon City
Valid Until Dec. 31, 2022
IBP No. 13241 / for 2021, Quezon City
PTR No. / 01-04-21, Quezon City
Roll No. 49n49 / TIN 156-546-237
Adm Matter No. NP-005 (2021-2022)
MCLE Compliance No. VII-0002196
Issued On 02/26/2020, Until 04/14/2025

Signed this ______ day of ______

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SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Robinsons Realty and Management Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City

Report on the Audit of the Company Financial Statements

Opinion

We have audited the financial statements of Robinsons Realty and Management Corporation (a wholly-owned subsidiary of Robinsons Land Corporation) (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which discusses that on February 21, 2012, the Company's BOD approved the merger of the Company, Robinsons Land Corporation and Robinsons Inn Incorporated (wholly-owned subsidiary of RLC), wherein RLC shall be the surviving entity. As of December 31, 2020, the Plan of Merger has not been filed with SEC. Our opinion is not modified in respect of this matter.

Other Matter

We have previously issued our auditor's report dated December 14, 2018 on the Company's financial statements as at and for the years ended September 30, 2018 and 2017 and expressed an unqualified opinion on those financial statements. As discussed in Note 2 to the financial statements, the Company previously issued and filed its financial statements with the Bureau of Internal Revenue (BIR) and the

Securities and Exchange Commission (SEC) using September 30 as financial reporting period. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. The accompanying financial statements as at and for the years ended December 31, 2018 and 2017 have been prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

Responsibilities of Management and Those Charged with Governance for the Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Robinsons Realty and Management Corporation in a separate schedule. Revenue Regulations No. 15-2010 require the information to be presented in the notes to the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
SEC Accreditation No. 1801-A (Group A),
December 17, 2019, valid until December 16, 2022
Tax Identification No. 248-415-617
BIR Accreditation No. 08-001998-136-2020,
February 20, 2020, valid until February 19, 2023
PTR No. 8534352, January 4, 2021, Makati City

March 26, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
ASSETS		
Cash equivalents (Note 4)	**₱13,217,114**	₱12,909,168
Interest receivable	**33,483**	3,873
TOTAL ASSETS	**₱13,250,597**	₱12,913,041
LIABILITIES AND EQUITY		
Liabilities		
Advances from Parent Company (Note 5)	**₱623,965**	₱612,329
Accrued expenses	**6,358**	–
Total Liabilities	**630,323**	612,329
Equity		
Capital stock - ₱1 par value		
Authorized - 100,000,000 shares		
Subscribed - 25,000,000 shares (net of subscriptions receivable of ₱18,750,000)	**6,250,000**	6,250,000
Retained earnings	**6,370,274**	6,050,712
Total Equity	**12,620,274**	12,300,712
TOTAL LIABILITIES AND EQUITY	**₱13,250,597**	₱12,913,041

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2018	2017
INCOME		
Interest income	**₱337,556**	₱124,808
EXPENSE		
Professional fees	**17,994**	23,236
NET INCOME	**319,562**	101,572
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱319,562**	₱101,572

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Capital Stock	Retained Earnings	Total
Balances at December 31, 2016	₱6,250,000	₱5,949,140	₱12,199,140
Total comprehensive income	–	101,572	101,572
Balances at December 31, 2017	6,250,000	6,050,712	12,300,712
Total comprehensive income	–	319,562	319,562
Balances at December 31, 2018	₱6,250,000	₱6,370,274	₱12,620,274

See accompanying Notes to Financial Statements.

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(A Wholly-Owned Subsidiary of Robinsons Land Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**₱319,562**	₱101,572
Adjustment for interest income (Note 4)	**(337,556)**	(124,808)
Operating loss before working capital changes	**(17,994)**	(23,236)
Increase in accrued expenses	**6,358**	–
Net cash flows used in operating activities	**(11,636)**	(23,236)
Interest received	**307,946**	127,681
Net cash flows generated from operating activities	**296,310**	104,445
CASH FLOWS FROM A FINANCING ACTIVITY		
Increase in advances to Parent Company (Note 9)	**11,636**	23,236
NET INCREASE IN CASH EQUIVALENTS	**307,946**	127,681
CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,909,168**	12,781,487
CASH EQUIVALENTS AT END OF YEAR	**₱13,217,114**	₱12,909,168

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Realty and Management Corporation (the Company) was registered with the Philippine Securities and Exchange Commission on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds. The Company is a wholly-owned subsidiary of Robinsons Land Corporation (RLC), while JG Summit Holdings, Inc. (JGSHI) is the ultimate parent company.

On February 21, 2012, the Company's Board of Directors (BOD) approved the merger of RLC, the Company and Robinson's Inn, Incorporated (RII) wherein RLC shall be the surviving entity under the terms and Conditions of a Plan Merger. Both the Company and RII are wholly-owned subsidiaries of RLC.

The registered office address of the Company is at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines. The accounting and administrative functions of the Company are being performed by the employees of RLC.

The financial statements of the Company as at and for the years ended December 31, 2018 and 2017 were authorized for issue by the BOD on March 26, 2021.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. Amounts are rounded off to the nearest peso, except when otherwise indicated.

The Company previously issued its financial statements as at and for the years ended September 30, 2018 and 2017 which the BOD approved on December 14, 2018. The Company filed its financial statements with the Bureau of Internal Revenue (BIR) and SEC using September 30 as financial reporting period based on a response letter from the BIR dated January 15, 1997 approving the change in accounting period from calendar to fiscal year basis which shall start from 1st day of October and end on the 30th day of September on the immediately succeeding year. However, in February 2021, upon checking with the BIR and the SEC, the management was informed that the accounting period of the Company remains to be December 31 based on the BIR's and SEC's databases. Thus, the financial statements as at and for the years ended December 31, 2018 and 2017 are prepared to correct the previous years' filings of the Company and to regularize the Company's records with the BIR and the SEC.

<u>Statement of Compliance</u>
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Company is exempted from applying PFRS for Small and Medium-sized Entities since it is part of a group that is reporting under the full PFRS.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except the adoption of the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
  PFRS 9, *Financial Instruments*, replaces PAS 39, *Financial Instruments: Recognition and Measurement*, for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied PFRS 9 using the modified retrospective approach, with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under PAS 39.

The adoption of PFRS 9 did not have material impact on the financial statements.

a. Classification and measurement

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 resulted only to reclassification. Cash equivalents and interest receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing SPPI. These are classified and measured as debt instruments at amortized cost beginning January 1, 2018.

There are no changes in classification and measurement of the Company's financial liabilities.

In summary, upon the adoption of PFRS 9, the Company had the following required reclassifications as at January 1, 2018.

	PAS 39 Category	PFRS 9 Category
	Loans and Receivables	Amortized Cost
Cash equivalents	₱12,909,168	₱12,909,168
Interest receivable	3,873	3,873

b. Impairment

The adoption of PFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at FVTPL and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at the approximation on the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The adoption of PFRS 9 ECL approach did not materially impact the impairment on the Company's cash equivalents and interest receivable as of January 1, 2018.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 – 2016 Cycle)
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

<u>Standards Issued But Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020
- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

Effective beginning on or after January 1, 2021
- PFRS 17, *Insurance Contracts*

Deferred effectivity

- PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)

Summary of Significant Accounting and Financial Reporting Policies

Cash Equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to insignificant risk of changes in value.

Financial Instruments – Initial Recognition and Subsequent Measurement Effective January 1, 2018
The Company recognizes a financial asset in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial Assets
Initial recognition
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets as of December 31, 2018 consists of amortized cost. The Company has no financial assets at FVOCI and FVTPL as of December 31, 2018.

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash equivalents and due from related party.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Instruments - Initial Recognition and Subsequent Measurement Prior to January 1, 2018

Date of recognition
The Company recognizes a financial asset or financial liability in the statement of financial position when it becomes a party to contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, which is the date the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial recognition of financial instruments
All financial instruments are initially measured at fair value. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in to the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. Financial liabilities are classified into financial liabilities at FVPL, and other financial liabilities at cost or amortized cost.

The classification depends on the purpose for which the financial instruments were acquired or liabilities were incurred and whether they are quoted in an active market. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2017, the financial instruments of the Company are classified as loans and receivables. The Company does not have financial assets at FVPL, HTM investments and AFS financial assets.

Loans and receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Company’s cash equivalents and interest receivable.

Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable dates indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of income and expenses from school operations.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

<u>Financial Instruments – Initial Recognition and Subsequent Measurement Prior to and After January 1, 2018</u>

<u>Financial Liabilities</u>
Initial recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

As of December 31, 2018 and 2017, the financial liabilities of the Company are classified as other financial liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities. All loans and other borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans and other borrowings are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

This accounting policy applies primarily to the Company's accrued expenses, advances from Parent Company and other obligations that meet the above definitions (other than liabilities covered by the other accounting standards).

Offsetting Financial Assets and Financial Liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in statement of financial position. The Company has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Derecognition of Financial Assets and Liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenses from school operations.

Equity
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Subscription receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Company, dividends, distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Revenue Recognition
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of the revenue can be measured reliably.

Interest income
Interest income is recognized as the interest accrues (using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Provisions
Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, with certain exceptions and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income/liability will be available against which the deductible temporary differences and carryforward benefits of the unused MCIT and NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income/liability will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income/liability will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and notes.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in judgments and estimates are reflected in the financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements, Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred income asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Company has not recognized deferred tax assets in 2018 and

2017 since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized (see Note 6).

4. Cash Equivalents

Cash equivalents pertain to short-term deposits which are made for varying periods or up to three months depending on the immediate cash requirements of the Company, and earn interest ranging from 1.125% to 4.75% and 1.125% to 1.25% in 2018 and 2017, respectively. Interest income from short-term deposits amounted to ₱337,556 and ₱124,808 in 2018 and 2017, respectively.

5. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, engages in transactions with RLC primarily consisting of cash advances, which are due and demandable.

The summary of outstanding balances resulting from transactions with RLC follows:

Category	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
Advances from	**2018**	**₱–**	**₱623,965**	**Due and demandable;**	**Unsecured**
	2017	₱–	₱612,329	Due and demandable;	Unsecured

6. Income Taxes

There is no provision for current income tax in 2018 and 2017 since the Company is in tax loss position.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

	2018	2017
Statutory income tax rate at 30%	**₱95,869**	₱30,472
Additions to (reductions in) income tax resulting from:		
Expired NOLCO	**5,825**	4,736
Movements in unrecognized deferred tax asset	**(427)**	2,234
Interest income subject to final tax	**(101,267)**	(37,442)
	₱–	₱–

As of December 31, 2018 and 2017, the Company did not recognize deferred tax assets from NOLCO amounting to ₱58,328 and ₱59,750, respectively, since management believes that sufficient taxable income will not be available to allow the carry forward benefits of deferred tax assets to be utilized.

As of December 31, 2018, the details of NOLCO incurred which are available for offset against future taxable income over a period of three (3) years are as follows:

Year Incurred	Amount	Expired/Applied	Balance	Expiry Date
2018	₱17,994	₱–	₱17,994	2021
2017	23,236	–	23,236	2020
2016	17,098	–	17,098	2019
2015	19,416	19,416	–	2018
	₱77,744	₱19,416	₱58,328	

Movement in NOLCO follows:

	2018	2017
Beginning balances	**₱59,750**	₱52,299
Additions	**17,994**	23,236
Expirations	**(19,416)**	(15,785)
Ending balances	**₱58,328**	₱59,750

7. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash equivalents, interest receivable and advances from Parent Company. The main purpose of these financial instruments is to raise fund for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligation as they fall due.

The Company's financial assets and financial liabilities are due and demandable.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. With respect to credit risk arising from financial assets of the Company, which comprise of cash equivalents with interest receivable, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company has no significant concentration of credit risk.

Impairment of financial assets (applicable from January 1, 2018)
The Company has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash equivalents;
- Interest receivable
- Advances to Parent Company

The Company has no impaired financial assets as of December 31, 2018 and 2017.

Credit quality per class of financial assets
The Company classifies its advances to Parent Company as high grade financial asset. High grade financial assets are those assets whose realizability is assured.

The Company has no significant concentration of credit risk.

Fair Values
The Company has determined that carrying amount of advances to Parent Company, reasonably approximates their fair values due to the relatively short-term maturity of these financial instruments.

Fair Value Hierarchy
As of December 31, 2018 and 2017, the Company has no financial instruments to be presented under the fair value hierarchy required by PFRS 7.

8. Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2018 and 2017.

The Company is not subject to externally imposed capital requirements.

9. Note to the Statements of Cash Flows

The movement in cash flows from financing activities pertains to amount paid by RLC for the account of the Company.

MARKETS AND SECURITIES REGULATION DEPARTMENT

July 8, 2021

ROBINSONS REALTY AND MANAGEMENT CORPORATION
(To be amended to as RL Commercial REIT, Inc.)
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Ortigas Center
Pasig City
Tel. No.: (+632) 8395 2177

ATTENTION: **JERICHO P. GO**
President and Chief Executive Officer

Gentlemen:

This refers to the **Audited Financial Statements (AFS) as of December 31, 2020**, and **Pro Forma Condensed Financial Information (PFCFI) as of December 31, 2020** of **ROBINSONS REALTY AND MANAGEMENT CORPORATION** (the "Company") including the **Combined Carved-out Financial Statements (CCFS) as of December 31, 2020 of RLC REIT Properties (Robinsons Land Corporation's Commercial Properties will be transferred to the Company)** which were attached to the Registration Statement (RS) filed with this Commission on May 26, 2021.

Based on the documents submitted to the Commission, the Office of the General Accountant recommended the assessment of penalty against the Company due to a material disclosure deficiency noted in the AFS as of December 31, 2020. The relevant portion of the findings is reproduced below:

Brief Description of Non-Compliance	Company's Explanation	Comment of OGA on the Company's Reply	Test of Materiality
The earnings per share is not shown in the Statement of Comprehensive Income. Moreover, the basis for its computation together with the number of shares used is not disclosed in the notes to financial statements.	The required disclosure under PAS 33 will be included in the June 30, 2021 shortperiod audited financial statements. For the information of the SEC, the Loss per share for the period ended December 31, 2020 is P0.000758. It is computed as total comprehensive loss for the period	The required information is belatedly provided. PAS 33 provides that an entity that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market shall disclose in the Statement of Comprehensive Income its earnings per share and the basis for its	**Material disclosure deficiency-** non-compliance with PAS 33.

	amounting to P18,950.00 divided by total outstanding shares as of December 31, 2020 of 25,000,000.	computation together with the weighted average number of shares used.	

Accordingly, the Company is hereby penalized with a **FINE** of **One Thousand Pesos (₱1,000.00)** based on the SEC Memorandum Circular No. 8, series of 2009 or the Scale of Fines for Non-Compliance with the Financial Reporting Requirements of the Commission.

The Company is hereby directed to settle the said penalty by way of cash, Manager's or Cashier's Check payable to the Securities and Exchange Commission within five (5) days from receipt of this letter.

Very truly yours,

signed
VICENTE GRACIANO P. FELIZMENIO, JR.
Director

OFFICIAL RECEIPT

Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Accountable Form No. 51 Revised 2006	**ORIGINAL**
DATE July 13,2021	No. 2023025

PAYOR ROBINSONS REALTY AND MANAGEMENT CORPORATION
PASIG CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
Violation of SRC, Omnibus IH Law, ICA and their respective IRRs, Circulars implemented by the Commission	4020114000	MSRD (609)	1,000.00
		TOTAL	PHP 1,000.00

AMOUNT IN WORDS
ONE THOUSAND PESOS AND 00/100

Received [X] Cash [ ] Treasury Warrant [ ] Check [ ] Money Order	Received the Amount Stated Above OFELIA A. CAPISPISAN COLLECTING OFFICER
Treasury Warrant, Check, Money Order Number	
Date of Treasury Warrant, Check, Money Order	O.R. No. 2023025

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

Machine Validation:

ORN 2023025 JULY 13, 2021
OFELIA A. CAPISTRANO PHP1,000.00**********

Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

PAYMENT ASSESSMENT FORM

No. 20210709-3731861

DATE	RESPONSIBILITY CENTER
07/09/2021	MSRD

PAYOR: ROBINSONS REALTY AND MANAGEMENT CORPORATION
PASIG CITY

NATURE OF COLLECTION	QUANTITY	ACCOUNT CODE	AMOUNT
Violation of SRC, Omnibus IH Law, ICA and their respective IRRs, Circulars implemented by the Commission		4020114000 (609)	1,000.00
----NOTHING FOLLOWS----			
TOTAL AMOUNT TO BE PAID			Php 1,000.00

Assessed by: cegaliza Gr

Amount in words: ONE THOUSAND PESOS AND 00/100

Remarks:

Payment Options

1. Online payment thru SEC Payment Portal
   - https://www.sec.gov.ph/apps/payment-portal
2. Over the Counter Payments
   - SEC Cashier Office
   - Selected Landbank Branches

SEC Landbank Accounts

Landbank Region/Area	SEC Clearing Account	SEC Account
Region II, III A, III-B, IV, Area IV A, AREA IV-B and Region VIII	3402-2319-20	Head Office / Tarlac
Region I	3402-2319-38	Baguio
Region V	3402-2319-46	Legaspi
Region VI	3402-2319-54	Iloilo / Bacolod
Region VII	3402-2319-62	Cebu
Region IX	3402-2319-70	Zamboanga
Region X	3402-2319-89	Cagayan De Oro
Region XI & XII	3402-2319-97	Davao

For National Capital Region (NCR), payments are only allowed thru the ff. Landbank branches:

Name of Branch	SEC Clearing Account
Edsa Greenhills	3402-2319-20
Edsa Congressional	
Araneta E.O.	
YMCA	
DOTC	
Ortigas E.O.	
Muntinlupa	
North Avenue	

Breakdown Summary

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	1,000.00	0552-1052-57
TOTAL	Php 1,000.00	

Notes:

A. This form is valid for forty-five (45) calendar days from the date of Payment Assessment Form (PAF)

B. Accepted modes of payment at SEC Main Office, Pasay City:
   1. Cash 2. Manager's/Cashier's Check 3. Postal Money Order

C. Accepted modes of payment at selected Landbank branches:
   1. Cash 2. Manager's/Cashier's Check payable to the Securities and Exchange Commission

D. For check payment, please prepare separate checks per fund account as indicated on the breakdown summary. All checks must be payable to Securities and Exchange Commission

E. For over the counter payment at LandBank, preparation of oncoll payment or deposit slip shall be per fund account as indicated on the breakdown summary.
   If fund code is BTR, use an oncoll payment slip.
   If fund code is SRC or RCC, use a regular deposit slip.
   Send through email the copy of the machine-validated oncoll payment slip / deposit slip to the issuer of this PAF to confirm that payment has been made.

F. ANY ALTERATIONS WILL INVALIDATE THIS FORM

ANNEX A

REINVESTMENT PLAN

ANNEX A

SPONSOR REINVESTMENT PLAN

Sponsor Reinvestment Plan as of August 20, 2021

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the net proceeds received by Robinsons Land Corporation ("**RLC**" or the "**Sponsor**") from the secondary offer and sale 3,342,864,000 Common Shares (the "**Firm Shares**") with an Overallotment Option of up to 305,103,000 Common Shares (the "**Option Shares**", and together with the Firm Shares, the "**Offer Shares**") of RL Commercial REIT, Inc. (the "**Over-allotment Option**") at an Offer Price of ₱6.45 per Offer Share (the "**Offer**").

RLC will receive all of the proceeds from the sale of the Offer Shares in the Offer and expects to raise gross proceeds of approximately ₱21.6 billion from the sale of the Firm Shares and approximately ₱23.5 billion assuming full exercise of the Over-allotment Option. RLC estimates that the net proceeds from the sale of the Firm Shares after deducting fees and expenses, will be approximately ₱20.9 billion, and that the net proceeds from the Offer assuming full exercise of the Overallotment Option after deducting fees and expenses, will be approximately ₱22.8 billion.

Pursuant to Securities and Exchange Commission ("**SEC**") Memorandum Circular No. 1, series of 2020, and Bureau of Internal Revenue ("**BIR**") – Revenue Regulations No. 3-2020, any sponsor/promoter of a REIT who contributes income-generating real estate to a REIT, shall submit a sworn statement to the SEC, the Philippine Stock Exchange ("**PSE**"), and the BIR, a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor/promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate transferred to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter.

Following current regulations, RLC intends to invest its net proceeds in building and property development, and land. All disbursements from such projects are intended to be distributed within one (1) year from receipt of the proceeds from the secondary offer of RLC REIT shares and any money raised by RLC from the sale of income-generating real estate to RLC REIT. Please see section on "*Reinvestment Plan*" starting on page 6 of this Reinvestment Plan for details on the reinvestment projects.

Please refer to the definitions in the REIT Plan for any capitalized term not specifically defined herein.

II. ABOUT THE SPONSOR

A. Company Background

Robinsons Land Corporation is a corporation organized under the laws of the Philippines. As of June 30, 2021, 60.97% of Robinsons Land Corporation's common shares are held by JG Summit Holdings, Inc. and 39.03% are held publicly, of which 20.06% are held by foreign owners

RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. It is engaged in the construction and operation of lifestyle commercial centers, offices, hotels and industrial facilities; the development of mixed-use properties, residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which it develops, owns and operates commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels and industrial facilities); and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages and commercial lots).

RLC's operations are divided into its five business divisions:

- The **Commercial Centers Division** develops, leases and manages lifestyle commercial centers or shopping malls throughout the Philippines. As of June 30, 2021, RLC operates 52 shopping malls, comprising nine malls in Metro Manila and 43 malls in other urban areas throughout the Philippines, with four additional new malls and two expansion projects in the planning and development stage for completion in the next two years.

- The **Residential Division** develops and sells residential developments for sale/pre-sale. For its domestic operations, RLC's Residential Division has 80 residential condominium buildings/towers/housing projects and 39 housing subdivisions, of which 91 have been completed and 28 are still ongoing with two projects that are awaiting the receipt of license, as of June 30, 2021. It currently has several projects in various stages for future development that are scheduled for completion in the five years. Outside of the Philippines, RLC has one residential project located in Chengdu, China called "Chengdu Ban Bian Jie". Chengdu Ban Bien Jie is RLC's first international foray spanning across 8.5 hectares and acquired in 2016 through a public auction.

- The **Office Buildings Division** develops office buildings for lease. As of June 30, 2021, this division had completed 25 office developments, located in Quezon City, CBDs in Pasig City, Makati City and Taguig City, Mandaluyong City, Cebu City, Ilocos Norte, Tarlac City, Naga City and Davao City. It has a robust pipeline consisting of new offices for completion in the next two years. RLC is transferring 12 office developments and leasing two buildings to RLC REIT as part of the REIT Formation Transactions.

- The **Hotels and Resorts Division** has a diverse portfolio covering the following brand segments: upscale international deluxe hotels, mid-market boutique city hotels, essential service value hotels, and most recently, the luxury resort category. As of June 30, 2021, RLC has 20 hotels and resorts for a total of 3,188 rooms in strategic metropolitan and urbanized locations consisting of 11 Go Hotels, six Summit Hotels and three international deluxe brands. In 2019, RLC opened two new hotels, namely, Summit Greenhills and Dusit Thani Mactan Cebu Resort, the latter managed by Dusit Thani Company Limited. There were no new openings in 2020. RLC currently has a lineup of developments for the expansion of its portfolio of hotels and resorts.

- The **Industrial and Integrated Developments Division** focuses on mixed-use developments and master planned communities. These developments incorporate different property formats such as residences, work places, commercial centers, logistics facilities and other institutional developments into a single setting. In 2019, this division launched its first 30-hectare estate named "Bridgetowne" which connects the cities of Pasig and Quezon. It is also completing the development of its 18-hectare "Sierra Valley" estate in Rizal and "Montclair", a 204-hectare development in Porac, Pampanga. The division shall continue to embark on strategic land bank acquisitions to add to its growing number of township developments. Another key role of this division is the development of industrial facilities. As of June 30, 2021, RLC had two operational industrial facilities with plans to expand in terms of net leasable area and geographic location in the next two years.

B. Management and Organization

The overall management and supervision of RLC is undertaken by the Board of Directors. RLC's executive officers and management team cooperate with the Board of Directors by preparing appropriate information and documents concerning business operations, financial condition and results of operations for its review. Currently, the Board of Directors of RLC consists of ten (10) members, of which four (4) are independent directors.

The table below sets forth the Board of Directors and Executive Officers of RLC as of December 31, 2020.

Board of Directors

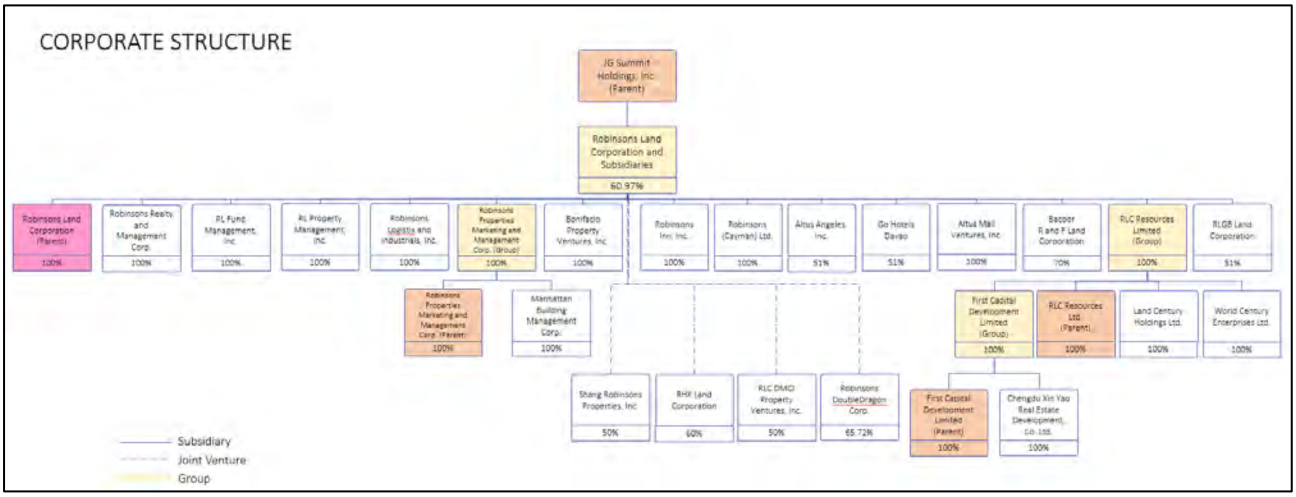
Name	Age	Nationality	Position
James L. Go	81	Filipino	Director, Chairman Emeritus
Lance Y. Gokongwei	54	Filipino	Director, Chairman
Frederick D. Go	51	Filipino	Director, President and Chief Executive Officer
Patrick Henry C. Go	50	Filipino	Director
Johnson Robert G. Go, Jr.	55	Filipino	Director
Robina Y. Gokongwei-Pe	59	Filipino	Director
Artemio V. Panganiban	84	Filipino	Independent Director
Roberto F. de Ocampo	75	Filipino	Independent Director
Emmanuel C. Rojas, Jr.	85	Filipino	Independent Director
Omar Byron T. Mier	74	Filipino	Independent Director

Executive Officers

Name	Age	Nationality	Position
Frederick D. Go	51	Filipino	President and Chief Executive Officer

Kerwin Max S. Tan	51	Filipino	Chief Financial Officer, Chief Risk Officer, and Compliance Officer
Faraday D. Go	44	Filipino	Executive Vice President
Henry L. Yap	57	Filipino	Senior Vice President and Business Unit General Manager
Arlene F. Magtibay	58	Filipino	Senior Vice President and Business Unit General Manager
Arthur Gerard D. Gindap	59	Filipino	Senior Vice President and Business Unit General Manager
Ma. Socorro Isabelle V. Aragon-Gobio	47	Filipino	Senior Vice President and Business Unit General Manager
Jericho P. Go	49	Filipino	Senior Vice President and Business Unit General Manager
Corazon L. Ang Ley	53	Filipino	Business Unit General Manager
Ronald D. Paulo	55	Filipino	Senior Vice President – Construction Management
Anna Katrina C. De Leon	35	Filipino	Vice President – Group Controller
Joanna N. Laiz	50	Filipino	Vice President
Ernesto B. Aquino	52	Filipino	Vice President
Emmanuel G. Arce	63	Filipino	Vice President
Constantino C. Felipe	58	Filipino	Vice President
Catalina M. Sanchez	41	Filipino	Vice President
Jonathan Paul P. Balboa	46	Filipino	Vice President
Sylvia B. Hernandez	58	Filipino	Vice President – Treasurer
Elaine M. Araneta	56	Filipino	Corporate Secretary

RLC's group structure as of June 30, 2021 is as follows:



III. PROCEEDS RECEIVED BY THE SPONSOR

RLC estimates that the net proceeds from the Offer of the Firm Shares after deducting expenses, will be approximately ₱20.9 billion, and that the net proceeds from the Offer assuming full exercise of the Overallotment Option after deducting expenses, will be approximately ₱22.8 billion, estimated as follows:

	Estimated Amounts (₱ millions)	
	Firm Shares	**Firm Shares and Option Shares (assuming full exercise of Overallotment Option)**
Estimated total proceeds from the offer of RLC's Shares	21,561.5	23,529.4
Estimated Expenses:		
SEC registration fees	8.9	8.9
PSE listing and processing fee	49.1	49.1
Estimated underwriter, selling agent and other professional fees (including legal, accounting, industry consultant, stock and transfer agent and receiving agent fees)	442.8	472.3
Estimated other expenses (including marketing, roadshow, printing costs and miscellaneous expenses)	2.5	2.5
Crossing charges	33.2	36.2
Stock transaction tax	129.4	141.2
Total estimated expenses from the offer of RLC's Shares	665.9	710.2
Estimated net proceeds from the offer of the RLC's Shares.......	20,895.6	22,819.2

The entire proceeds from the Offer will be used by RLC in accordance with this reinvestment plan. Pending the use of such proceeds, RLC may invest the net proceeds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates, withdrawable on demand and without holding restrictions prior to any fund withdrawals.

Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g. stock and transfer, receiving agency, LSI application processing fees, and printing, publication, and out-of-pocket expenses) that RLC expects to incur in relation to the Offer.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above.

IV. REINVESTMENT PLAN

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on RLC's current plans and anticipated expenditures. In the event there is any change in the RLC's reinvestment plan, including force majeure, market conditions and other circumstances, RLC will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in the best interest of RLC and its shareholders taken as a whole. RLC's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and RLC's management may find it necessary or advisable to alter its plans.

	Project Name	Location	Investment Type	Category	Status	Percentage Completion	Target Opening	Total Planned Use for One Year (in PHP)	Q4 2021 (in PHP)	Q1 2022 (in PHP)	Q2 2022 (in PHP)	Q3 2022 (in PHP)	Disbursing Entity
1	Opus	Pasig City	Investment in Building and Property Development	Commercial Center	Ongoing construction	60%	2023 Q2	708,000,000	144,000,000	176,000,000	183,000,000	205,000,000	Robinsons Land Corporation
2	RP Antipolo Expansion	Antipolo, Rizal	Investment in Building and Property Development	Commercial Center	Ongoing construction	74%	2022 Q2	78,000,000	20,000,000	20,000,000	20,000,000	18,000,000	Robinsons Land Corporation
3	RP Dumaguete Expansion Phase 1	Dumaguete City, Negros Oriental	Investment in Building and Property Development	Commercial Center	Ongoing construction	97%	2021 Q4	96,000,000	39,000,000	37,000,000	10,000,000	10,000,000	Robinsons Land Corporation
4	RP Gapan	Gapan City, Nueva Ecija	Investment in Building and Property Development	Commercial Center	Ongoing construction	53%	2022 Q3	496,000,000	63,000,000	63,000,000	201,000,000	169,000,000	Robinsons Land Corporation
5	RP La Union	San Fernando City, La Union	Investment in Building and Property Development	Commercial Center	Ongoing construction	88%	2021 Q3	40,000,000	16,000,000	14,000,000	6,000,000	4,000,000	Robinsons Land Corporation
6	Cebu Integrated Resort	Cebu City	Investment in Building and Property Development	Commercial Center / Hotels and Resorts	Ongoing Construction		TBD	3,406,000,000	760,000,000	882,000,000	882,000,000	882,000,000	Robinsons Land Corporation
7	Go Hotels Tuguegarao	Tuguegarao City	Investment in Building and Property Development	Hotels and Resorts	Ongoing construction	42%	2021 Q4	0	0				Robinsons Land Corporation
8	Bridgetowne Hotel	Quezon City	Investment in Building and Property Development	Hotels and Resorts	Ongoing construction	60%	2024 Q3	20,000,000			10,000,000	10,000,000	Robinsons Land Corporation
9	Summit Hotel Naga / Go Hotels Naga	Naga City	Investment in Building and Property Development	Hotels and Resorts	Ongoing construction	86%	2021 Q4	17,000,000	17,000,000				Robinsons Land Corporation
10	Summit Hotel GenSan	General Santos City	Investment in Building and Property Development	Hotels and Resorts	Ongoing construction	80%	2021 Q4	300,000,000	84,000,000	108,000,000	73,000,000	35,000,000	Robinsons Land Corporation
11	Westin Sonata Hotel	Mandaluyong City	Investment in Building and Property Development	Hotels and Resorts	Ongoing construction	60%	2022 Q2	353,000,000	53,000,000	123,000,000	177,000,000		Robinsons Land Corporation
12	Bloomfields General Santos	General Santos City	Investment in Building and Property Development	Homes	Ongoing construction	95%	2022 Q1	7,000,000	3,000,000	4,000,000			Robinsons Land Corporation
13	Brighton Angono (BTPA)	Angono, Rizal	Investment in Building and Property Development	Homes	Ongoing construction	89%	2022 Q2	7,000,000	3,000,000	4,000,000			Robinsons Land Corporation
14	Brighton Bacolod	Bacolod City, Negros Occidental	Investment in Building and Property Development	Homes	Ongoing construction	90%	2022 Q2	13,000,000	2,000,000	3,500,000	3,500,000	4,000,000	Robinsons Land Corporation
15	Grand Tierra Ph2	Tarlac	Investment in Building and Property Development	Homes	Ongoing construction	79%	2022 Q2	15,000,000	3,000,000	3,000,000	3,000,000	6,000,000	Robinsons Land Corporation
16	Nizanta at Ciudades	Davao City, Davao	Investment in Building and Property Development	Homes	Ongoing construction	98%	2022 Q4	0	0	0	0		Robinsons Land Corporation
17	Southsquare Village	Cavite	Investment in Building and Property Development	Homes	Ongoing construction	92%	2022 Q3	6,000,000	1,000,000	1,000,000	4,000,000		Robinsons Land Corporation
18	Springdale Angono (SPA2)	Angono, Rizal	Investment in Building and Property Development	Homes	Ongoing construction	71%	2024 Q1	125,000,000	26,000,000	31,000,000	31,000,000	37,000,000	Robinsons Land Corporation
19	Terrazo At Robinsons Vineyard	Dasmariñas, Cavite	Investment in Building and Property Development	Homes	Ongoing construction	94%	2022 Q3	5,000,000	2,000,000	3,000,000			Robinsons Land Corporation
20	Bridgetowne Complex	Quezon City	Investment in Building and Property Development	Industrial and Integrated Developments				300,000,000	40,000,000	68,000,000	88,000,000	104,000,000	Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
21	Sierra Valley	Cainta, Rizal	Investment in Building and Property Development	Industrial and Integrated Developments				40,000,000	10,000,000	10,000,000	10,000,000	10,000,000	Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
22	RLX Calamba	Calamba, Laguna	Investment in Building and Property Development	Industrial and Integrated Developments				336,000,000	84,000,000	84,000,000	84,000,000	84,000,000	Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
23	RLX San Fernando	San Fernando, Pampanga	Investment in Building and Property Development	Industrial and Integrated Developments				38,000,000	38,000,000				Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
24	Montclair	Porac, Pampanga	Investment in Building and Property Development	Industrial and Integrated Developments				600,000,000	145,000,000	145,000,000	155,000,000	155,000,000	Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
25	RLX Mexico	Mexico, Pampanga	Investment in Building and Property Development	Industrial and Integrated Developments				135,000,000	19,000,000	58,000,000	58,000,000		Robinsons Logistix and Industrials, Inc. (100% owned RLC subsidiary)
26	Bacoor R&F Land Corporation	City of Bacoor	Investment in Real Estate Company	Investment in Joint Venture				0	0	0	0	0	Robinsons Land Corporation
27	GBF 1 & 2	Quezon City	Investment in Building and Property Development	Office Building	Ongoing construction	14%	TBD	1,000,000,000	200,000,000	250,000,000	250,000,000	300,000,000	RLGB Land Corp. (51% controlled by RLC)
28	Iloilo Towers	Iloilo	Investment in Building and Property Development	Office Building	Ongoing construction	44%	TBD	80,000,000	20,000,000	20,000,000	20,000,000	20,000,000	Robinsons Land Corporation
29	Robinsons DoubleDragon Corp.		Investment in Real Estate Company	Joint Venture				624,000,000		624,000,000			Robinsons Land Corporation
30	Acacia Escalades - Building B	Pasig City	Investment in Building and Property Development	Residential Building	Ongoing construction	80%	2021 Q3	77,000,000	29,000,000	48,000,000			Robinsons Land Corporation

	Project Name	Location	Investment Type	Category	Status	Percentage Completion	Target Opening	Total Planned Use for One Year (in PHP)	Q4 2021 (in PHP)	Q1 2022 (in PHP)	Q2 2022 (in PHP)	Q3 2022 (in PHP)	Disbursing Entity
31	Cirrus	Pasig City	Investment in Building and Property Development	Residential Building	Ongoing construction	15%	2024 Q3	642,000,000	115,000,000	142,000,000	154,000,000	231,000,000	Robinsons Land Corporation
32	Galleria Residences - Tower 1	Cebu City	Investment in Building and Property Development	Residential Building	Ongoing construction	43%	2021 Q3	142,000,000	59,000,000	60,000,000	13,000,000	10,000,000	Robinsons Land Corporation
33	Galleria Residences - Tower 2	Cebu City	Investment in Building and Property Development	Residential Building	Ongoing construction	20%	2022 Q4	200,000,000	13,000,000	16,000,000	76,000,000	95,000,000	Robinsons Land Corporation
34	Galleria Residences - Tower 3	Cebu City	Investment in Building and Property Development	Residential Building	Ongoing construction	42%	2024 Q2	199,000,000	45,000,000	52,000,000	53,000,000	49,000,000	Robinsons Land Corporation
35	Gateway Regency Studios	Mandaluyong City	Investment in Building and Property Development	Residential Building	Ongoing construction	42%	2023 Q4	234,000,000	53,000,000	89,000,000	59,000,000	33,000,000	Robinsons Land Corporation
36	Sierra Valley Gardens - Building 1 and 2	Cainta, Rizal	Investment in Building and Property Development	Residential Building	Ongoing construction	1%	2025 Q1	404,000,000	71,000,000	107,000,000	98,000,000	128,000,000	Robinsons Land Corporation
37	SYNC - S Tower	Pasig City	Investment in Building and Property Development	Residential Building	Ongoing construction	19%	2024 Q3	352,000,000	63,000,000	88,000,000	89,000,000	112,000,000	Robinsons Land Corporation
38	The Magnolia Residences - Tower D	Quezon City	Investment in Building and Property Development	Residential Building	Ongoing construction	97%	2021 Q4	90,000,000	30,000,000	30,000,000	20,000,000	10,000,000	Robinsons Land Corporation
39	The Radiance Manila Bay - South Tower	Pasay City	Investment in Building and Property Development	Residential Building	Ongoing construction	99%	2021 Q3	50,000,000	15,000,000	21,000,000	8,000,000	6,000,000	Robinsons Land Corporation
40	The Residences at The Westin Manila Sonata Place	Mandaluyong City	Investment in Building and Property Development	Residential Building	Ongoing construction	65%	2022 Q3	400,000,000	77,000,000	74,000,000	115,000,000	134,000,000	Robinsons Land Corporation
41	The Sapphire Bloc - East Tower	Pasig City	Investment in Building and Property Development	Residential Building	Ongoing construction	25%	2024 Q2	350,000,000	79,000,000	122,000,000	69,000,000	80,000,000	Robinsons Land Corporation
42	Shang Robinsons Properties, Inc.		Investment in Real Estate Company	Joint Venture				703,000,000	703,000,000				Robinsons Land Corporation
43	Cagayan	Cagayan	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	720,000,000		720,000,000			Robinsons Land Corporation
44	Visayas/Mindanao	Visayas/Mindanao	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	1,180,000,000			580,000,000	600,000,000	Robinsons Land Corporation
45	Cavite/ Laguna / Batangas/ Rizal / Quezon	Cavite/ Laguna / Batangas/ Rizal / Quezon	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	925,000,000	300,000,000	84,000,000	196,000,000	345,000,000	Robinsons Land Corporation
46	Pasig City	Pasig City	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	1,433,000,000			1,433,000,000		Robinsons Land Corporation
47	Integrated Development	Taguig City	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	4,000,000,000	4,000,000,000				Bonifacio Property Ventures, Inc. (100% owned RLC subsidiary)
48	NCR: Makati / Mandaluyong/ Quezon City	NCR: Mandaluyong/ Quezon City	Investment in Land	Corporate Land Acquisition	For Acquisition	0%	TBD	2,035,000,000		500,000,000		1,535,000,000	Robinsons Land Corporation
	TOTAL							**22,981,000,000**	**7,444,000,000**	**4,884,500,000**	**5,231,500,000**	**5,421,000,000**	

In respect of the projects described above, RLC is/will be the project developer and the owner of the relevant land and building, except in the case of the following joint ventures: (i) Robinsons Double DragonCorp., a joint venture between RLC and DoubleDragon Properties Corporation; (ii) Shang Robinsons Properties, Inc., a joint venture between RLC and Shang Properties. Inc.; and (iii) Bacoor R and F Land Corporation, a joint venture between RLC and Frabelle Fishing Corporation. In each case, the joint venture will be the project developer and the owner of the land and building developed.

While RLC shall endeavor to cause the completion of the construction of the projects enumerated above within the projected time-frame, the time of completion and accordingly, the timing of disbursements projected above, are subject to fire, earthquake, other natural elements, acts of God, war, civil disturbance, government and economic controls, community quarantine restrictions imposed by the local or national government, delay in the construction timetable and progress billings arising out of unforeseen site conditions or difficulty in obtaining the necessary labor or materials for the projects, or due to any other cause beyond the control of RLC.

V. MONITORING AND REVIEW

RLC shall monitor the actual disbursements of projects proposed in this Reinvestment Plan on a quarterly basis. For purposes of monitoring, RLC shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan.

In the event of changes in the actual disbursements of projects proposed in this Reinvestment Plan, RLC shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

VI. REPORTING

RLC shall comply with the reportorial and disclosure requirement prescribed by the SEC, PSE, BIR, or the appropriate government agency.

RLC shall submit with the PSE, a quarterly progress report, and a final report on the implementation of the Reinvestment Plan, duly certified by its Chief Financial Officer, Treasurer, and External Auditor. The quarterly progress report shall be submitted to the PSE following the relevant PSE rules. RLC shall likewise prepare a final report on the implementation of the REIT Plan and submit the same to the PSE.

The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of RLC to the SEC, and the PSE. Any investment pursuant to the Reinvestment Plan shall also be disclosed by RLC via SEC Form 17-C as such investment is made. Any deviation from the planned reinvestment (as disclosed in the Reinvestment Plan that formed part of the Registration Statement of the Offer) will be promptly disclosed to the Exchange and the SEC via SEC Form 17-C. RLC shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.

ANNEX B

JLL REPORT: OFFICE MARKET STUDY IN THE PHILIPPINES

Final Report

Robinsons Land Corporation

May 2021

Office Market Study in the Philippines

Executive Summary

Jones Lang LaSalle ('JLL') has been asked by Robinsons Land Corporation. (hereinafter referred to as 'Client',) to conduct an office market study in Metro Manila, Metro Cebu, Davao City, Tarlac City, and Naga City, Philippines (the 'Study Area'), to examine the current and future market conditions of the office market in the identified areas to be used as a supporting document for their planned initial public offering of a Real Estate Investment Trust (REIT) company.

The main objective of this market study is to provide an analysis of the office real estate markets in Metro Manila, Metro Cebu, Davao City, Tarlac City, and Naga City, Philippines. In this study, we covered current and projected supply and demand dynamics, as well as asset performance of the office market in the identified areas that could potentially enhance investor confidence in investing on the planned REIT listing of the Client. The study likewise covered the current and near-term views of the Philippine macroeconomic backdrop, as well as discussed relevant regulations to the office property market. An in-depth analysis on the properties to be listed was also conducted to further support the planned initial public offering.

The findings of the Study are as follows:

On the Philippine Economy

The Philippines has exhibited remarkable economic growth since the 1990s, leading it to be recognized as one of the Tiger Cub Economies in Asia. Contractions were felt in 2009 and 2012 when the economy faced the Global Financial Crisis, but quickly rebounded from 2012 as seen with the stable growth of the Philippine GDP, ranging from 6.0% to 7.3% y-o-y, since 2013. The robust growth of the economy was slightly dampened in 2019 when GDP settled at 6.0% growth y-o-y due to underspending from the delayed approval of the national budget. The slowdown continued in 2020 where the economy entered into a recession as an effect of the COVID-19 pandemic. The second quarter of the year saw the steepest contraction at -16.9% y-o-y due to the strict lockdowns implemented in the entire country which limited movement and business activities. The succeeding quarters recorded easing of the contraction, though growth remained in negative territory. By end-2020, the Philippine economy contracted by 9.5% y-o-y, the largest decline seen by the country since the 1940s. All major economic sectors contributed to the contraction where the Industry sector was the hardest hit, falling by -13.1% y-o-y. Meanwhile, household consumption, gross capital formation, exports and imports also contracted by -7.9%, -35.8%, -16.7% and -21.9% y-o-y respectively. Only government expenditure saw an improvement in 2020 as it grew by 10.4% y-o-y. Despite this, a rebound is still seen in the coming years due to the sound macroeconomic environment as well as positive sentiments of credit agencies for the Philippines. Oxford Economics sees the Philippine economy to bounce back in 2021 with GDP growing by 7.2%, while the Asian Development Bank and the Development Budget Coordination Committee forecast it to grow by 6.5% y-o-y, backed by the mass vaccination which are seen to push business activities back to pre-pandemic levels.

Overseas Filipino remittances, one of the backbones of the economy, also experienced a decline in 2020 from an accelerated growth in 2019. A number of OFs were repatriated due to job losses in their host countries as the global economy weakened as a result of the pandemic. This led to a -0.8% y-o-y dip in personal remittance. Even with the decline, the performance of OF remittances ended at a better note compared to the estimates by DBCC who projected it to contract by -5.0% y-o-y. The relatively better performance of OF remittances compared to forecasts can be attributed to an incremental uptick in remittances from workers with contracts of less than a year. Meanwhile, OF cash remittances also declined by -0.8% y-o-y which is still a better performance compared to the -2.0% contraction forecasted by the BSP. Remittances coming from US accounted for majority of the recorded value by end-2020. With OF remittances performing better compared to the initial forecasts of the different agencies, projections for the succeeding years remain to be at a positive note with DBCC seeing it to grow by 4.0% y-o-y in 2021 and 2022. Oxford Economics, on the other hand, projects OF Remittances to expand in the next five years, recording growth rates ranging from 5.9% to 8.0% per annum.

Foreign direct investments, much like the other economic metrics, have also seen robust and continuous growth during the past decade as investor confidence in the market strengthened, especially those coming from Japan, China and Europe. Reform policies, such as the Custom Modernisation and Tariff Act and the Tax Reform for Acceleration and Inclusion program, were already underway to further attract investors in the country in 2020. However, the COVID-19 pandemic brought uncertainties in the market which dampened interest from investors, ultimately resulting to FDIs declining by -24.6% y-o-y in 2020. Nevertheless, equity capital placements made in 2020 mostly came from Japan, the Netherlands, the US, and Singapore were mostly invested in manufacturing, real estate and financial and insurance industries which shows the resiliency an attractiveness of these sectors even in the face of the pandemic. Moving forward, Oxford Economics forecasts FDI to bounce back in 2021, recording a 27.3% y-o-y growth in 2021 and sustaining this performance until 2025. The recovery is seen to be heavily driven by the vaccination roll out which may bring back interest from foreign investors to push through with diversifying their portfolios in the country. The presence of other investment vehicles such as the Real Estate Investment Trust, as well as the stimulus packages being prepared and enacted by the Department of Finances with the likes of the Corporate Recovery and Tax Incentives for Enterprises and the Financial Institutions' Strategic Transfer bill are seen to further attract investments in the country.

Inflation rate has been relatively stable and manageable over the past decade due to the monetary policies done by the Bangko Sentral ng Pilipinas. An uptick was recorded in 2018, with inflation rate hitting an average of 5.2% by end-2018, driven by the increasing global oil prices, higher excise taxes under the TRAIN act, and some challenges experienced on domestic food supply which pushed up prices. Average inflation rate was tapered down in the latter months of 2018 until 2019 as the BSP increased interest rate which tempered price surges. Inflation rate in 2020 saw an uptick in November and December due to the rise of prices for food and non-alcoholic beverages, although managed to end the year at an average of 2.6%, still well within the BSP's medium term inflation target. BSP also projects inflation rate to be stable over the next couple of years, settling at 3.2% and 2.9% in 2021 and 2022, respectively. Meanwhile, Oxford Economics is forecasting inflation to hit 4.4% in 2021, before stabilizing in 2022 to 2025 wherein inflation rate is seen to range from 2.4% to 3.0%.

Policy rates were also lowered to stimulate more economic activities in the country in the midst of the COVID-19 pandemic. Policy rates were reduced by 175 bps in February to June 2020 as an effort to encourage household spending which would, in turn, boost the economy, This was further reduced by 25 bps to 2.0% in November 2020 as an effect of elevated uncertainties and the recent natural calamities experienced by the country which could slow down the recovery of the economy. Policy rates are seen to be maintained at 2.0% in 2021 even with inflation rates rising to further encourage spending and economic activities. Projections are also seeing this to be slowly tightened from 2022 onwards once the economy has started to recover from the effects of the pandemic.

10-Year Treasury Bonds, on the other hand, also contracted to 2.9% by end-2020 due to the deep liquidity in the market coupled with the search for higher yields. The BSP plans to maintain 10-Year TBonds at this rate in the next couple of years to further support the recovery of the economy.

The steadily growing population of the Philippines, settling at 100.9 million by 2015, has been key to the accelerating growth of the country's economy. Looking at it by region, Region IV-A makes up majority of the pie, followed by the National Capital Region and Region III. The expanding population with a young demographic continues to fuel the economy as this translates to a larger workforce which accounted for 60.7% of the total national population in 2015. Also, the growing population is the driving force for the improvement of domestic consumption that came with the rise of income levels and the expanding labor force. Oxford Economics estimates the Philippine 2020 population to settle at 109.7 million wherein 65% form part of the working population. The national population is expected to further expand to 117.0 million by end-2025 with the working population hitting 76.6 million.

Together with the growing working population was the steady upward trajectory of employment rate in the past decade, driven by the continued activities from the public and private sectors to create job for the citizens. Employment rate recorded a high of 94.9% while labor participation rate settled at 63.9% in 2019 due to the upticks observed in the Industry and Services sectors. However, with the COVID-19 pandemic putting the economy at a standstill in the early parts of 2020, employment and labor participation rate contracted as businesses scaled down, with some permanently shutting down their operations. The largest contractions were felt in the first quarter of the year as the country was put into a strict lockdown. A recovery was recorded in the succeeding quarters on the back of the easing quarantine measures, and ultimately settling at 89.7% employment rate by end-2020, with labor participation rate at 59.5%. Double-digit unemployment rates were seen in NCR, Region I and Region IV-A, while the arts, entertainment and recreation, and food service sectors experienced the steepest declines when looking at it by industry. Moving forward, Oxford Economics projects employment rate to hit 91.6%, 93.1% and 93.9% in 2021 to 2023, and eventually hitting pre-COVID levels in 2024 with employment rate reaching 94.5%.

On Relevant Real Estate Laws on the Office Sector

Several regulations on the real estate industry, specifically in the office sector are present in the Philippines which help attract more investors to put their money in the country. These would be the Real Estate Investment Trust (REIT), the Board of Investments (BOI) Omnibus Investments Code, the Philippine Economic Zone Authority (PEZA) Fiscal and Non-Fiscal Incentives, the Philippine Amusement and Gaming Corporation (PAGCOR) under House Bill No. 5777, the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), and relevant laws governing real estate loans.

The REIT Act was present since 2009 but no REITs took place since some provisions were found too strict by developers and stakeholders alike. REITs started to gain momentum in 2020 with the government addressing the key hurdles that were raised, and thus made it more appealing to potential REIT players. The stakeholders' concern on the 12% VAT to be applied for transferring properties to a REIT vehicle was addressed by the TRAIN law which made it exempt with conditions, while the SEC lowered the minimum public float required to 33% from the original 67%. With the revisions done in the law, the REIT Act finally saw its first listing in 2020 with AREIT Inc., a subsidiary of Ayala Land, Inc. (ALI). After the successful debut of AREIT, Inc., DoubleDragon Properties Inc. (DD) subsequently filed and listed its own REIT vehicle, DDMP REIT Inc. on March 24, 2021. Filinvest Land Inc. also announced its plans in entering the REIT market in January 2021 through it subsidiary, Cyberzone Properties, Inc. (CPI) which will be transitioned into a REIT vehicle and will be named as

Filinvest REIT Corp. The REIT vehicle has just officially filed its registration in the SEC. Other major developers in the country such as Robinsons Land Corporation (RLC), Megaworld Corporation (MEG), and SM Prime Holdings, Inc. (SMPH) also announced that they are also in the process of preparing their own REIT vehicles.

The BOI is an agency functioning under the Department of Trade and Industry (DTI) whose goal is to attract investments in the Philippines, ultimately leading to economic growth. Under the agency's Omnibus Investments Code (Executive Order No. 226), tax exemptions and incentive packages are available for BOI registered enterprises engaged in the activities under the Investments Priorities Plan (IPP). Some of the fiscal incentives entitles for these firms would include income tax holidays and tax exemption on select items, while non-fiscal incentives would include employment of foreign nationals and simplification of customs procedures, among others.

Similar to BOI, PEZA is another agency under DTI whose primary role is to attract and promote foreign investment in the Philippines through PEZA Special Economic Zones. Fiscal and non-fiscal incentives are also granted for PEZA registered enterprises as mandated by Book VI of Executive Order No. 226 and Article 39. Incentives range from tax treatment, exemption from local taxes, and employment of foreign nationals, among others. There has been changes with the tax incentives system due to the recent ratification of the CREATE bill. Transition period for firms to the new tax system is at four to nine years, meaning PEZA registered firms will be sticking to their usual incentives and would be given the option if they want to apply for the 5% of the gross income earned incentive or the CIT rule once the transition period is done.

PAGCOR, on the other hand, sees over two entities in the online gaming industry, namely the POGO operators and the service providers. Due to the tax evasion criticisms faced by the industry, the government formulated a bill that would ratify the taxation of POGOs in the country. House Bill No. 5777, recently approved by the House of Representatives in February 2021, dictates license holders to pay a franchise tax worth 5% of the company's gaming receipts. Also, the bill subjects foreign employees to pay 25% withholding tax assuming they make PHP 50,000 per month. The bill is with the Senate before proceeding to the office of the President. Due to the pandemic and taxation concerns, some POGOs have exited the country which is reflected in the decline on operating entities in the Philippines, from a high of 61 in 2019 down to 38 entities in 2020.

The CREATE bill, now formally known as RA 11534, has finally been ratified into law in March 26, 2021 after numerous revisions done in the act to accommodate demands from different stakeholders. The law focuses on lowering corporate income taxes, putting the Philippines at par with its Southeast Asian peers. Under the bill, corporate income taxes are lowered to 20% from 30% for domestic corporations with total assets not exceeding PHP 100 million (excluding land), and total net taxable income of not more than PHP 5 million. Meanwhile, corporate income tax for all other businesses are lowered to 25%. Another key regulation under the CREATE Bill would be granting exporters up to 17 years of incentives, while critical domestic enterprises are given incentives for up to 12 years.

Lastly, in terms of real estate loans, the BSP relaxed real estate lending limit of universal and commercial banks (U/KBs) to 25% of their total loan portfolio. The cap was originally set at 20% in accordance to Circular No. 600 issued by BSP in 2008. U/KBs and their subsidiary thrift banks (TBs) would need to go under a real estate stress test (REST) limit upon having a 25% exposure to real estate lending activities.

On the Philippine IT-BPM Industry

The Information Technology and Business Process Management (IT-BPM) has been considered as one of the primary drivers of economic growth in the Philippines. The sector is known as one of the major industries and largest employers in the country, pushing the growth of the office market across most of the established and emerging business hubs in the Philippines. Upon its introduction in the market in 1980s, the IT-BPM industry rapidly evolved from offering only basic encoding and programming, to providing complex service and support to customers. The industry has grown to around 1,300 companies, generating around 1.3 million jobs for Filipinos, making it one of the country's biggest private sector employers. Recently, the Philippines was ranked 6th in Tholons Top 50 Digital Nations in 2020 Services Globalization Index, performing ahead of majority of its Southeast Asian peers. The country was also recognized as a leading IT-BPM location due to the competitive operational cost and diverse talent pool found in the Philippines.

The IT-BPM industry's revenue has grown by an average of 11.4% per annum over the past decade, from USD 8.9 billion in 2010 to USD 26.2 billion in 2020, demonstrating the strong and sustained growth trajectory of the industry. Locally, the number of full-time employees (FTEs) grew by 5.8% y-o-y while revenue increase by 7.1% y-o-y in 2019, according to the IT & Business Process Association of the Philippines (IBPAP). The growth was driven by the continuous entry and expansion of global in-house centers (GICs) in the key business hubs in the Philippines. However, a slowdown was felt in 2020 as the COVID-19 pandemic affected business sentiments and activities. According to IBPAP, travel and tourism accounts faced the most challenges due to travel bans being imposed across the globe as each country aimed to contain the spread of the virus. Despite this, demand increased for the healthcare, telecommunications, financial services, and e-commerce industries. The IT-BPM industry was classified as an essential service provider during the strictest community lockdown in the Philippines. With this, they were allowed to continue operating, although 50% of workers were unproductive due to the overall lack of work in April 2020. As the lockdowns eased in succeeding months, productivity levels improved. Several improvements were also observed such as a 40% increase in productivity for firms who were able to quickly implement their own remote working models, as well as a 40% decrease in absenteeism and a 10% dip in turnover rate when the work-from-home set up was put in place. A decrease in real estate and resource usage cost was also seen.

The IT-BPM industry ended 2020 recording USD 26.2 billion in revenues, down by -0.5% y-o-y which, while negative, was more resilient than the performance of the Philippine economy. Meanwhile, number of FTEs remained at 1.3 million meaning no jobs were lost even with the pandemic. IBPAP also released its revised outlook for the sector until 2022 to reflect the effects of the pandemic. The association forecasts the sector to grow by 3.2% and 5.5% in terms of revenue by 2021 and 2022, respectively. Meanwhile, employment is seen to expand by 2.7% and 5.0% in 2021 and 2022.

IT-BPM occupiers look at several factors when it comes to deciding which areas to locate in next. Parameters that are used across all IT-BPM firms, regardless of specialization, would include quality and scalability of talent pool, real estate and labor costs, quality of infrastructure, presence of complementary developments, and business environment.

The Philippines is considered as one of the hotbeds for outsourcing because of the skilled and robust talent pool found in the country. Literacy rate is high at 98.0% with more than half of the population able to communicate in English. This has made the country an ideal IT-BPM destination, particularly for voice operations. These skillsets, coupled with the steadily growing working population in the country, has further attracted IT-BPM firms to locate in the country as this translates to a highly skilled and huge talent pool that can be readily employed.

Meanwhile, the cost of operating in the country, including real estate costs and wages, are relatively cheaper in the Philippines compared to other key IT-BPM destinations. Average office rents in Metro Manila, Metro Cebu and Davao City are cheaper compared to neighboring outsourcing destinations such as Bangkok, Ho Chi Minh and Singapore. Also, salary rates in the Philippines are more competitive compared to other IT-BPM markets in the world. Within Asia, the Philippines, India and Vietnam commanded the lowest salaries for IT-BPM employees in 2021 based from the statistics generated by SalaryExplorer.

IT-BPM occupiers also consider the available infrastructure in the area when it comes to shortlisting which areas they should locate in. The “Build, Build, Build” program of the national government has further boosted infrastructure projects in the country wherein half of the planned projects are found in Metro Manila alone. Other key business hubs such as Metro Cebu and Davao City also have planned infrastructure projects which are set to go live in the coming years. These projects, once completed, would further improve the connectivity of the various parts of the country, eventually offering more viable options for potential operators. Also, the Philippines currently has three telecommunication providers, while the Department of Information and Communication Technology (DICT) has been very active in creating programs and projects that would further improve the internet connectivity in the country.

The presence of complementary developments, such as retail malls, condominiums, and hotels, are also being examined by IT-BPM locators which is one of the reasons why they are highly concentrated in business hubs and township communities. This is seen in the key business districts in Metro Manila such as Makati City and Taguig City which houses support developments proximal to the office buildings. Notable examples would include Glorietta and Greenbelt in Makati City, as well as SM Aura and Market! Market! In Taguig City. This trend is also seen in other business hubs outside Metro Manila as in Cebu IT Park, Cebu Business Park, and Robinsons Cyberpark Davao.

Lastly, the overall business environment in the country is given importance by potential locators. The presence of the IBPAP has put the Philippines in the lead in this aspect since the agency provides supports for investors and business owners alike in terms of setting up their own operations in the country. Also, the presence of PEZA has aided in improving the ease of doing business in the Philippines with its laws covering incentives and tax treatment, among others.

On the Office Market

The Philippine office market has been developing, wherein Metro Manila serves as the primary market. Over the past decade, the office market grew more outside Metro Manila given the emergence of other business hubs in the other parts of the country, such as Metro Cebu and Metro Davao.

Metro Manila, as the primary market, is considered the epicenter of economic growth in the Philippines. It also holds the majority of the office stock in the country as it has several key business districts such as Makati CBD in Makati, BGC in Taguig and Ortigas Center which is straddled by Pasig, Mandaluyong and Quezon City. There are also emerging business hubs located in the fringe cities in the metro, such as Arca South in Taguig City, Circuit Makati in Makati City, Bridgetowne in Quezon City and Arcovia in Pasig City.

Despite the roadblocks in the early 2000s and project delays caused by the pandemic, the total office market in Metro Manila reached 12.8 million by the end of 2020, with an average annual growth rate of 7.2%. The majority of the new supply is in the Cities of Pasig, Makati and Taguig, with project completions amounting to 179,200 sqm, 153, 600 sqm and 85,500 sqm respectively. Overall, the cities of Makati (31.1%), Taguig (19.7%) and Pasig (16.2%) hold the largest market shares of the existing supply. These Cities also lead in terms of having quality buildings in the metro, given they host the key premier business centers of the country. In the next five years, the market expects roughly 2.1 million sqm of new supply in Metro Manila, the majority of which will be in the cities of Taguig, Quezon, Makati and Pasig, with a combined market share amounting to 79.0% of the total future stock.

In Metro Manila, net absorption has been relatively stable over the past decade, accounting for an annual average of 585,000 sqm, coming from the solid take up from IT-BPM and online gaming operators. However, overall net absorption end-2020 declined by 92.2% y-o-y, as the pandemic weaken demand due to uncertainties and declined investment sentiments. An elevated vacancy was also observed by the end of 2020, estimated at 12.4%, a 454-bps increase y-o-y. The slow leasing activities were accompanied by rationalizing spaces and lease terminations from IT-BPM and POGOs which resulted to the increase in vacancy levels. Nonetheless, recovery may be expected in the next five years, as vaccine rollout in 2021 would help to stabilize the market and may improve investment sentiments. Yet projection is lower than pre-COVID levels as future office views remain mixed. Uneven recovery across industries and organizations may also be observed as approaches may vary from full to partial remote work or hybrid work arrangements.

For tenant mix as of end-2020, office spaces in Metro Manila are mostly occupied by traditional occupiers (55.6%) and IT-BPM firms (36.9%). IT-BPM has been one of the key drivers for the office market, which majority are in key business districts - Makati CBD, and BGC. Quezon City also has a high concentration of IT-BPM firms, as it occupies 72.25% of the total leased space in the City. Moreover, other demand drivers are also growing in Metro Manila, online gaming firms account for 2.9% while flexible space has 2.5% of the total occupied space in the city.

Office headline rent in Metro Manila declined in 2020, due to elevated vacancy levels from the muted business activities caused by the pandemic. As of end-2020, overall asking rent in Metro Manila amounted to PHP 1,098 per sqm per month, down by 3.2% y-o-y. Asking rents were generally kept steady although landlords remained flexible in terms of negotiations where terms and/or concessions were applied on a case-to-case basis. On a per district level, the cities of Makati, Pasay, Manila, Parañaque and Taguig experienced a decline in rent at the end of 2020. Meanwhile, only Mandaluyong and Quezon City showed a rent increase, up by 9.8% and 5.5% y-o-y, respectively. Rent increase from the two Cities relatively came from the recently completed supply which commanded higher headline rents. Nonetheless, incremental growth in rent for 2021 is projected, as the vacancy rate may remain elevated. However, the market may recovery beginning 2022 once vaccine rollout has been fully implemented and forecast rents to post annual average growth of 7.2% from 2022 to 2025, as the market stabilized.

On the other hand, Metro Cebu, the second-largest metropolitan area in the Philippines, paved its path as the next destination for investors outside Metro Manila, especially for IT-BPM firms. Metro Cebu was identified as one of the centers of excellence for the IT-BPM industry, which had a strong impact on the growth of the office market in the area.

The total existing office supply in Metro Cebu reached 1.3 million sqm as of end-2020, with 109,800 sqm new office supply. New office spaces are in Cebu City (77.1%) and Mandaue City (22.9%), while there was no recorded completion for Lapu-Lapu City in 2020. Overall, Cebu City hosts most of the office supply in the province, as it has two key business hubs – Cebu Business Park and Cebu IT Park. The two business hubs account for 71.2% of the total office space in the city and have most Grade A buildings of Metro Cebu. Meanwhile, Mandaue (8.8%) and Lapu-Lapu (7.0%) account for the remaining office supply in Metro Cebu. Future supply in Metro Cebu in the next five years, on the other hand, is estimated at 306,500 sqm, which is heavily concentrated in Cebu City, accounting for 94.2% of the total incoming supply. Most of the upcoming developments are within Cebu Business Park and Cebu IT Park. There is also increased participation in the North Reclamation Area which has a couple of buildings to operate in the next five years. Meanwhile, for Mandaue, it has recorded approximately 17, 600 sqm of upcoming office developments, which came from the slippages in 2020 due to the pandemic. However, for 2023 to 2025 Mandaue has no identified upcoming supply.

Net absorption in Metro Cebu has been relatively stable over the past five years, backed by the strong business interest in the area. However, the economic slowdown in 2020 had an impact on the office market, which recorded a low take-up in the metro. Vacant spaces spiked up to 277,200 sqm which resulted in -39,700 sqm net absorption, down by -158.0% y-o-y. Weakened demand and office pull-outs from online gaming firms, specifically in Mandaue and Lapu-Lapu City. Nonetheless, a rebound is seen in the market as net absorption is projected to regain its momentum in the next five years, driven by the growing interest in the metro, as well as the potential decentralization by occupiers.

As one of the hotbeds of the IT-BPM industry in the country, most of the occupied space in Metro Cebu are IT-BPM firms, accounting for 70.1% of the total leased space. The majority of the IT-BPM offices are located within Cebu City's established and emerging business hubs, such as Cebu Busines Park, Cebu IT Park, Fuente Osmeña Circle, and the North Reclamation Area. Next to it are the traditional occupiers, taking up 26.6% of the total leased space as of end-2020. POGOs also had a growing presence in Metro Cebu, specifically in Mandaue and Lapu-Lapu City. The industry became one of the key drivers of office spaces in the metro, until the exit and pre-termination of players in 2020. As of end-2020, POGO operators now only occupy 1.3% of the total occupied office space. Meanwhile, the growth of the economic activities in Metro Cebu opened opportunities for the serviced office and co-working spaces and due to the pandemic, some office spaces were converted to flexible spaces to accommodate the demand and changes in business practices. By the end of 2020, the flexible working space account for 1.3% of the total occupied office supply.

In terms of rental performance, the average rent in Metro Cebu reached PHP 629 per sqm month is down by 0.9% y-o-y, due to muted demand caused by the pandemic. At a per district level, Mandaue City (PHP 472 per sqm per month) had the steepest dip in rents, which can be attributed to the pull-out of POGO operators in the area. Meanwhile, Cebu City (PHP 666 per sqm per month) and Lapu-Lapu City (PHP 515 per sqm per month) only had incremental decline by the end of 2020. Projections on average rents for Metro Cebu recorded a contraction in 2021 with rents declining by -1.1% y-o-y, mostly attributed to the rental performance of Cebu City, due to the continuously expanding vacancy rates. The market is still seen to experience a rebound in 2022, coinciding with the completion of the vaccine rollout in Metro Cebu, leading to a normalization of demand. Average rents are expected to post an average annual growth rate of 5.7% from 2022 to 2025.

Another urban centre seeing a concentration of business activities and office developments in the Philippines is Davao City. The city is known as the economic center of Mindanao which saw the introduction of the property market as early as the late 2000s. IT-BPM firms have flocked the area as they put up expansion sites in the city due to cheaper operational cost and a skilled talent pool. The total existing office supply in Davao City settled at 240,200 sqm by end-2020, recording an average annual growth rate of 20.9%. The growth of the office market in the area was driven by the improvement in the service sector, specifically in the IT-BPM industry, as well as the completion of major infrastructure projects which made the city more accessible. The expanding presence of the IT-BPM industry buoyed the office market, pushing developers to put up more office buildings catered to these firms, evidenced by the completion of developments such as the SM City Davao IT Center and Gaisano IT Center. The introduction of new supply has been sporadic since 2012 with some years recording stock withdrawal and delayed completions due to calamities such as a fire incident and earthquakes in 2017 and 2019, respectively. The COVID-19 pandemic in 2020 further affected the completion of new office stock in Davao City as quarantine protocols implemented in the first half of the year limited the movement of goods and manpower, ultimately leading to construction delays and supply slipping to 2021. Around 77,500 sqm of office stock was scheduled for completion in 2020, although the year ended with only about 58.3% of this delivered to the market. Majority of the 2020 completions were found in the Central and East districts where notable IT parks such as the Robinsons Cyberpark Davao and Damosa IT Park are located, and were completed in the latter half of the year. It was observed that the percentage of the actual completed stock versus the scheduled projects was bigger compared to Metro Manila and Metro Cebu which can be attributed to the earlier transition of Davao City to a more relaxed community quarantine compared to the two business districts. Majority of the existing office stock in the city is found in the Central District (33.5%) and the East District (29.0%) as these areas houses some of the older office towers and key IT parks in Davao City. These two districts also make up majority of the Grade A stock in the area, while most Grade B developments are found within the West, Central and Downtown areas. Meanwhile, leading developers in the area would include Damosa Land, Inc. (16.5%), Robinsons Land Corporation (13.6%), and Plaza de Luisa Development, Inc. (11.6%). Most of the prominent developers in the city are local players, although there is a growing presence of national developers in the coming years.

The total office stock in Davao City is seen to hit 232,300 sqm by end-2025 with the introduction of around 38,200 sqm of office space in the next five years. Most of these, around 33,600 sqm, are coming from the supply that slid from 2020 and are now projecting completions in 2021. Some office buildings have already been announced but no completion dates were set yet, such as the office buildings within the Davao Park District by Megaworld Corporation, and the additional towers within Damosa IT Park. Majority of the upcoming office towers are still within the key IT parks found in the Central and West Districts and are classified as Grade B developments. In terms of developers, most of the upcoming office towers are still by local players such as Plaza de Luisa Development, Inc. and Damosa Land. Major developers such as Ayala Land, Inc. and Megaworld Corporation, are seen to expand their office portfolio in the city on the coming years, bringing more participation from national developers in the Davao City office landscape.

Net absorption in Davao City experienced fluctuations in the past five years, with some years recording good take-up driven by notable transactions from the IT-BPM industry, while some years recorded slow performance. Despite the pandemic, net absorption in the City remained at a positive, settling at 15,200 sqm in 2020 on the back of fewer move outs and new leases. Pullouts were not as evident and new leases were seen, mostly when the city relaxed its quarantine measures in May 2020. Forecasts for net absorption is seen to experience a continuous uptick in the next five years, driven by the projected recovery of demand coming from IT-BPM firms, coupled with the improved investment sentiment as an effect of the vaccine rollout.

Average vacancy rates in Davao City has also been sporadic over the past five years, affected with surges in supply and the capability of demand to quickly absorb the additional spaces. Vacancy rates recorded an uptick in 2020, hitting 21.7%, due to the large volume of newly completed stock which was not immediately absorbed by the market due to the slowdown of businesses seen amidst the pandemic. Vacancy rates are projected to remain elevated in 2021 due to another influx of new supply expected for the year, as well as the still recovering status of demand. The vaccine rollout in 2021 is seen to fuel economic activities further in 2022, leading to a steady decline of vacancy rates from 2022 onwards as demand catches up with supply. It should be noted that around 58,000 sqm of office space in the pipeline have no completion dates yet which would affect the forecast once their schedules have been finalized.

The pre-commitment market in Davao City, on the other hand, is not yet as active and only gained traction in 2019. However, the momentum was not maintained in 2020 as no upcoming spaces were reported to be pre-committed since negotiations have been temporarily put on hold due to the pandemic.

The office spaces in Davao City are mostly occupied by corporate occupiers (68.3%) and IT-BPM firms (24.8%). Corporate occupiers are typically found in the older office buildings in the city, while the IT-BPM firms are usually those located within the key IT parks in the area. Major IT-BPM firms operating in Davao City would include Alorica, Teleperformance, Concentrix and VXI. This industry was also what buoyed the performance of the local office market in 2020 as new leases were mostly coming from IT-BPM firms. To continued interest from companies under this industry to locate in Davao City stems from the overall cheaper operational costs and the quality of the talent pool residing in the area. Also, flexible workspace operators are felt in the city, occupying 6.9% of the office spaces in the market. Notable operators present in the city include Regus and Skynora. However, these firms were challenged with low occupancies in 2020, resulting to some of them pulling out starting 2021.

Rental rates in Davao City has been relatively stable, recording an average annual growth rate of 12.0% over the past five years which is at part driven by the introduction of better-quality buildings in the area. The average office rents for Grade A buildings in the city as of 2020 reached PHP 644 per sqm per month, growing by 7.3% y-o-y, while Grade B buildings stood at PHP 517 per sqm per month, declining by -3.7% y-o-y. A contraction is projected in 2021 where rents may go down by -10.5% y-o-y as a result of the expanding vacancy rates seen for the same year. Nevertheless, rents may start to improve by 2022 onwards, driven by the vaccine rollout which might improve investment and business sentiments in the city.

Tarlac and Naga City are relatively newer markets with the office landscape still at their early stages. As the capital of the Province of Tarlac, the economy of Tarlac City is primarily agricultural as it is one of the major producers of rice and sugarcane in the Philippines. The office market in the city is still not as developed yet as observed with the overall lack of quality offices in the city. In the past decade, smaller firms have occupied spaces within commercial buildings to serve as their offices since there was no existing formal office building in the area. As the office market grew and more firms are looking for office spaces, the introduction of Grade B and C buildings started to progress, albeit at still a slow pace. The total existing quality grade office supply in Tarlac City settled at 19,570 sqm by end-2020, all found in the developments within the Robinsons Place Luisita complex. Majority of these spaces are build-to-suit (BTS) developments which came into fruition when the developer entered into an agreement with a notable IT-BPM firm who continuously expanded since 2015. Even so, majority of the office supply in Tarlac City are still coming from lower grade buildings, while commercial buildings that offer spaces for office tenants are still widely felt in the market. This is observed when looking at upcoming supply since recorded developments in the pipeline are all commercial buildings. No upcoming Grade A and B office towers were announced to go operational in the next five years, making total supply unchanged at 19,570 sqm by end-2025. The overall slower entry of quality office spaces in the city can be attributed to the general lack of interest from office occupiers due to a strict competition coming from other more established and emerging urban centers outside Metro Manila such as Clark, among others.

Despite the pandemic, Tarlac City recorded a positive absorption of 3,500 sqm by end-2020 coming from the new BTS building within the Robinsons Place Luisita complex. Forecasts show that we may see Tarlac City experiencing a slower net absorption in 2020 due to the overall weaker business sentiments felt in the market which is driven by the pandemic. Nevertheless, the vaccine rollout scheduled to start in 2021 is seen to fuel business interests which would lead to an incremental uptick in net absorption from 2022 to 2025. It should be noted that the annual improvement of net absorption is maintained minimal which mirrors the still developing office market in the City. The preference of locators to set foot in more established business hubs, with the likes of Metro Cebu, Davao City, and Clark, affecting the growth of office demand in Tarlac City.

Meanwhile in terms of vacancy rates, Tarlac City registered 0.0% average vacancy rate as of end-2020 due to the BTS arrangement of quality office spaces in the city. Forecasts on the same are seen to remain at 0.0% from 2021 to 2025 due to the continuous uptick in demand and BTS developments being under a long term lease, as well as the absence of upcoming quality office buildings in the area. Likewise, pre-commitment rate settled at 0.0% as of end-2020 due to the absence of upcoming office developments in Tarlac City post-2020.

IT-BPM locators, specifically Sitel, make up the entire tenant mix for Grade A and B office buildings in Tarlac City as they entered into a BTS agreement with RLC for three of their sites within the Robinsons Place Luisita complex. The firm set foot in Tarlac last 2015 and have expanded to two more sites in 2019 and 2020 to accommodate more manpower with their expanding operations. Sitel announced that they are still looking at expanding to more sites in Tarlac City, further supporting the growth of the office market in the city.

Average rents of Grade A and B office buildings in Tarlac City settled at PHP 375 per sqm per month, while rents for the BTS towers may likely by higher than the headline rate due to the costs associated with the development. Lower grade and commercial buildings, on the other hand, recorded average rents at PHP 308 per sqm per month as of end-2020. The approach used to project net absorption was also utilized in forecasting the rental performance of the Tarlac City office market. Average annual growth rate of rents in Clark for the next five years was estimated at 7.2% wherein a contraction in 2021 was seen due to demand slowing down, albeit picking up in the succeeding years with businesses becoming more active. Growth rates extracted from the forecasts of the Clark market were adjusted to reflect the lesser established status of the office market in Tarlac City, resulting to an average annual growth rate of 1.6% over the next five years. A contraction is foreseen in 2021 with net absorption slowing down as well, although rents are seen to gradually improve from 2022 to 2025 which coincides with the stable demand. Similar to net absorption, the projected growth on rents is also kept at a minimal as developers may still focus on expanding their portfolio in other key provincial urban centers in the Philippines.

Lastly, Naga City is also considered a relatively new market as observed with the lack of Grade and B office spaces in the area, although promising as it is known to be the center of trade and commerce in the Bicol region. Existing quality office stock in the city reached 33,200 sqm by end-2020. Originally, business activities in Naga City were concentrated in Centro, the traditional commercial hub of the city where majority of the commercial buildings are found. Because of the continued interest in the city, additional growth areas such as the Roxas-Panganiban Growth Triangle came about and currently houses major retail malls and IT-BPM owner-occupied buildings.

Despite this, the office market in Naga City is still classified to be on its early stages with majority of the existing stock categorized as Grade B developments, and an absence of Grade A towers was observed in the city. In terms of developer share, RLC is the only major developer who has an office development in the city. There is also no recorded upcoming quality grade office supply in Naga City as investment activities remain subdued. Upcoming buildings are geared more towards commercial developments by small local players, painting a picture of the current status of the office market in the city.

Looking at the demand side, net absorption for Naga City was unchanged with no movement recorded by end-2020. A relatively slow movement on net absorption was projected for Naga City, albeit still a constant improvement y-o-y. This can be attributed to the overall weaker business activities which has been heavily affected by the pandemic, as well as the competition coming from other emerging and more established business hubs which remain as a more ideal choice for firms expanding outside Metro Manila. Nevertheless, the Naga City market is still seen to expand over the next five years with the entrance of both small and large firms in the city.

Average vacancy rates in Naga City reached 7.6% as of end-2020, pulled up by the vacant spaces in a relatively older building. Newer developments record no vacant spaces which shows that there is a presence of demand for quality spaces in the city. Forecasts on vacancy rates for Naga City is seen to reach 0.0% by 2022 due to the continued growth of demand coupled with the stagnant office supply which sees no additional completions in the next five years. Likewise, pre-commitment rate as of end-2020 is at 0.0% due to the overall lack of pipeline projects in the city.

IT-BPM firms dominate the Naga City office market as they take up majority of the office spaces within Grade A and B developments. Some of these firms, such as Concentrix and IBM, even have their own developments located in one of the commercial districts in the area. Meanwhile, corporate occupiers are the usual tenants found in lower grade and commercial developments.

Average rents for quality office spaces in Naga City settled at PHP 270 per sqm per month, wherein Cybergate Naga commands the higher end of the spectrum due to the overall better quality of the building. Forecasts on average rents of office spaces in the city follows the same methodology applied in the projections on net absorption wherein the performance of the Davao City office market was examined due to the similarities of the two hubs. Rents in Davao City are projected to grow with an average annual growth rate of 4.2% over the next five years, with a contraction felt in 2021 due to an observed elevated vacancy rate, before recovering by 2022 onwards. Discounts on the growth rates extracted from the projections on the Davao City market were applied to reflect the current developing status of the office landscape in Naga City. Projections for Naga City are kept at a minimal, recording an average annual growth rate of 3.1% only until 2025 since the city is still a secondary location and developers and locators are keener on expanding to more active business markets. This resulted to a projected stagnant growth in 2021 as the market still recovers from the pandemic, and recovery from 2022 onwards due to the improvement on business activities.

On Market Outlook

The pandemic is anticipated to weigh down on the office market in the near and medium term as real estate stakeholders continue to evaluate their long term real estate strategy. Currently, firms have mixed views on how to proceed with their space portfolio as uncertainties are still heavily felt in the market. We are expecting changes in the volume of space needed, as well as physical requirements occupiers are looking at especially with the renewed focus on safety and wellness.

New business practices may be employed by firms moving forward such as the hybrid work set up, integrating both the work from home and on-site work. Although there are currently mixed views from firms on how they should proceed with their working arrangements, the hybrid set up is seen by most companies to be one of the most feasible way to move forward as this would strike the balance between safety from doing work-from-home, and productivity of the employees from doing work on site. Pursuing this type of set up for the workforce may likely affect the size of office space requirements in the coming years. We may see a downsizing of requirements from firms which existing developments would need to adapt to in terms of their product offerings. Given this, an increased interest on flexible workspaces and smaller offices are also seen to serve as interim spaces for firms until the situation stabilizes. Nevertheless, physical office spaces will still be crucial for business to maintain seamless operations as there were a few hiccups experienced by the workforce from doing remote working such as unstable internet connectivity, risk of data breaches, and work-from-home fatigue being experienced by the workforce with more than a year in quarantine.

Optimizing costs will also remain a priority for firms when choosing where to locate and with this, we may see an uptick in the performance of secondary business hubs in the metro, as well as key districts in the provincial areas such as Metro Cebu and Davao City as they command relatively cheaper rents with somewhat same pool of talents found in Metro Manila.

In terms of office spaces, we may see a flight to quality with rents contracting across all building grades combined with elevated vacancy levels, serving as opportunities for tenants to upgrade their spaces. The pandemic might push this trend further and faster as these developments are better placed to accommodate the common workplace trends that are emerging, such as a greater adoption of technology, and focus on health, wellness, and sustainability.

Office rents are foreseen to remain muted in 2021 as the market relies on interim sources of demand, pushing landlords to remain competitive with their offers. However, this is seen to pick up gradually in the succeeding years once activities from major demand sources started to stabilize, coupled with the re-entry of other businesses. Demand for office spaces is seen to recover and remain stable once the virus has been contained through the vaccine rollout, as it serves a trigger to real estate decisions by occupiers .

On the Profile of Select RLC Properties

RL Commercial REIT, Inc. (RCR), RLC's REIT vehicle, has 14 office properties under its portfolio which are found in the various key business hubs in the Philippines. These properties would be Robinsons Summit Center in Makati City; Cyber Sigma in Taguig City; Robinsons Equitable Tower, Cyberscape Alpha, and Cyberscape Beta in Pasig City; Cybergate Center Towers 2 and 3 in Mandaluyong City; Tera and Exxa-Zeta Tower in Quezon City; Robinsons Cybergate Cebu and Robinsons Galleria Cebu Office in Cebu City; Cybergate Delta 1 in Davao City; Robinsons Luisita 1 in Tarlac City; and Cybergate Naga in Naga City.

The portfolio that is planned to be included in the REIT vehicle is composed of strong assets that have showcased resiliency amidst the pandemic which limited overall demand for the entire real estate market. Several building characteristics such as being sizeable, quality developments with PEZA accreditation and built by a developer with a strong track record were considered as key strengths of these properties which helped them become more marketable to investors and locators. Meanwhile, external factors such as the properties' strategic and accessible locations, proximity to existing and upcoming infrastructure projects, and quality of its anchor tenants have buoyed the occupancy rates of these developments, proving that they can generate continuous inflow of income amidst the headwinds presented by the pandemic in terms of doing business.

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1.0 INTRODUCTION

Jones Lang LaSalle ('JLL') has been asked by Robinsons Land Corporation (hereinafter referred to as 'Client', 'You') to conduct an office market study in Metro Manila, Metro Cebu, Davao City, Tarlac City, and Naga City (the 'Study Area'), to examine the current demand and supply conditions of the office property market to be used as a supporting document for their planned initial public offering for a Real Estate Investment Trust (REIT) vehicle.

Specific requirements of the Study as follows:

To provide a macro and socio-economic overview of the entire Philippines.

To provide an overview on select relevant real estate regulations on the office market in the country.

To provide an overview and update on the Philippine IT-BPM industry.

To provide an overview of the office property market in the Study Area. The analysis will focus on the existing and future market trends, specifically involving the general supply, demand and rental performance.

To present the profile and identify key strengths, weaknesses, opportunities, and threats of select Properties by the Client.

This submission serves as the Final Report, outlining Philippine macro and socio-economic backdrop, relevant office market regulations, an update on the local IT-BPM industry, a detailed analysis on the Properties' physical attributes, their neighbourhood dynamics, strengths, weaknesses, opportunities and threats, as well as the overall supply and demand condition in the local office property market in Metro Manila, Metro Cebu, Davao City, Tarlac City and Naga City, and our forward views on the same. For your reference, the structure of this Final Report is as follows:

Section 2 provides an overview on the macroeconomic and socioeconomic indicators of the Philippines

Section 3 provides an overview of the relevant regulations on the office market, particularly those under the relevant governing agencies such as BOI, PEZA and PAGCOR.

Section 4 provides an overview of the status of the IT-BPM sector.

Section 5 provides an overview of the office property market on the study area, specifically Metro Manila, Metro Cebu, Davao City, Tarlac City and Naga City with a detailed discussion on overall supply, demand, and rents, as well as our general office outlook; and

Section 6 provides an overview of the Properties, detailing the location, size, accessibility, and outlines their inherent strengths, weaknesses, opportunities, and threats

Section 7 outlines the limiting conditions of this Final Report and the Study, in general.

2.0 PHILIPPINE ECONOMY

2.1 Macroeconomic Overview

The Philippines was acknowledged in the 1990s as one of Asia's fastest growing economies, amongst the Tiger Cub Economies together with Indonesia, Malaysia, Vietnam and Thailand, due to a relatively more stable and faster economic growth compared to their regional peers. The notable growth was supported by the solid pillars of the economy such as the accelerating household consumption, stable labor market, strong inflow of investments, and continuous remittances from Overseas Filipino Workers, among others. However, in 2020, the COVID-19 pandemic, which limited overall economic activities, led to an economic standstill and the Philippines registered a recession - the first time in the post-war era.

Despite the decline in the performance of the Philippine economy in 2020, green shoots were observed towards the tail-end which paint a positive note of gradual economic recovery of the country. Forecasts are positive, although slightly tempered from the previous outlooks to account for the damage done by the pandemic to businesses.

2.1.1 Gross Domestic Product

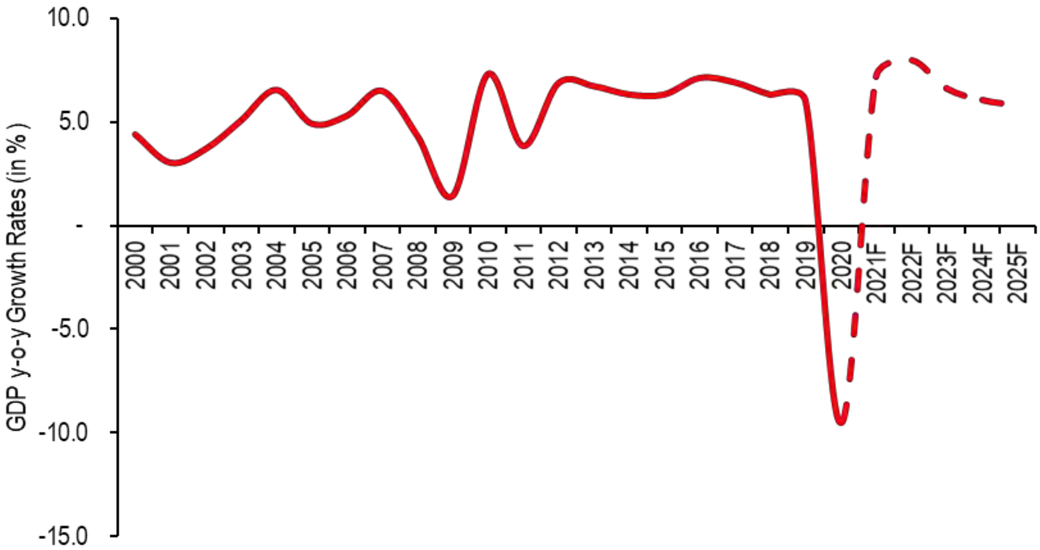
The macroeconomic fundamentals of the Philippines have been strong over the past few decades, with dips recorded in 2009 to 2012 as the economy faced roadblocks due to the Global Financial Crisis. With the exception of 2020, since 2012, however, the economy continued to gain momentum, evidenced by the stable growth of the country's GDP ever since 2013. Over the past decade, the growth of the country's GDP has been stable, ranging from 6.0% to a high of 7.3% y-o-y, making it one of Asia's fastest improving economies then. The steady uptick in the country's GDP can be attributed to the improving household consumption as well as the growth of the Services sector which grew the fastest across other sectors of the economy.

However, a relatively slower growth compared to recent years was initially experienced in 2019 where the growth of the GDP settled at 6.0% y-o-y on the back of the delay on the approval of the national budget then which caused underspending and stalled infrastructure projects in the first quarter of the year. The economy was able to pick up in the latter part of the year, but ultimately was unable to meet the targets set by the government for the year.

The economy entered into a recession for the first time since the post-war era in 2020 as the Philippines and countries across the globe were hit by the COVID-19 pandemic which dampened the global economy. The first contraction in the GDP was felt in the first quarter of the year where GDP fell by -0.7% y-o-y. This is felt specifically in the tourism market which plays a huge role in the Philippine economy, accounting for 13% of the country's 2019 GDP. The tourism market felt the impact of the pandemic earlier than most industries when it started to take a hit on the back of travel bans imposed to contain the virus, decreasing foreign tourist arrivals by -54% y-o-y from January to April 2020. The performance of the economy further declined as the country transitioned to the strictest quarantine measure in the second quarter of the year. GDP further declined by -16.9% y-o-y on the back of businesses closing down, partial operations of a limited number of business sectors, slowdown in consumption and an overall economic standstill globally. As the Philippines and other countries started to ease quarantine measures and gradually opened their borders again, GDP slightly improved although still at a negative growth of -11.4% and -8.3% y-o-y on the third and fourth quarter of the year, bringing the GDP for the entire 2020 to a contraction of -9.5% y-o-y, the steepest decline experienced by the country since the 1940s.

Forecasts, however, are positive backed by the country's sound macroeconomic environment and credit agencies maintaining a positive sentiment for the Philippines. Oxford Economics sees the Philippine economy to bounce back in 2021, growing by 7.2% y-o-y, driven by the mass vaccination set for the country which is seen to bring back business activities to the level prior the pandemic happened. Also, the Asian Development Bank (ADB) estimated the Philippine economy to grow by 6.5% y-o-y in 2021, hitting pre-pandemic levels. Meanwhile, the Development Budget Coordination Committee (DBCC) is also seeing a recovery of the economy, bouncing back by 6.5% and 7.5% y-o-y in 2021 and 2022, respectively, on the back of restrictions being eased, confidence of citizens to go back to normal and overall, the normalization of economic activities.

Figure 2-1. Gross Domestic Product Growth Rate (2000 – 2025F)

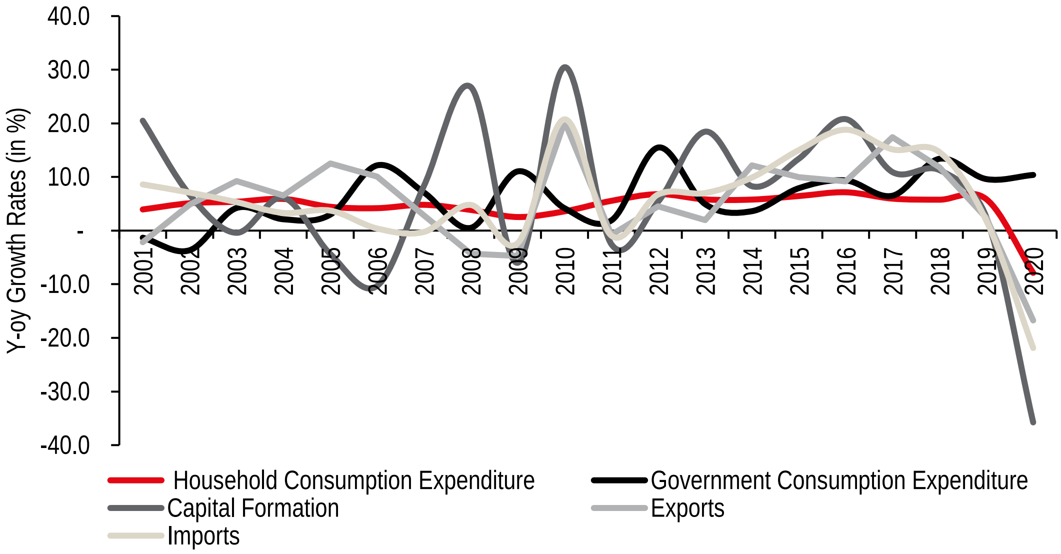


Source: JLL Research and Consultancy, PSA, Oxford Economics

All major economic sectors contributed to the contraction of the country's GDP although the Industry sector, accounting for 29.0% of the 2020 GDP, was hit the heaviest as it was seen declining by -13.1% y-o-y. The Services and the Agriculture, Forestry and Fishing industries also fell by -9.1% and -0.2% y-o-y respectively.

From the expenditure side, household consumption, accounting for a large chunk of the country's GDP, also saw a decline of -7.9% y-o-y as consumers generally prioritized cash preservation and only spent for necessities due to the uncertainties brought about by the pandemic. Gross Capital Formation also contracted by -35.8% y-o-y, while Exports and Imports also declined by -16.7% and -21.9% respectively as travel of goods was heavily affected due to the travel bans imposed in various countries. On the other hand, Government Expenditure saw an uptick of 10.4% y-o-y as the national government continued to support the economy and its citizens, striving to contain the pandemic through stimulus spending.

Figure 2-2. Gross Domestic Product by Expenditure Growth Rate (2000 – 2025F)



Source: JLL Research and Consultancy, PSA

2.1.2 Overseas Filipino Remittances

The importance of remittance coming from the Overseas Filipinos (OFs) has long been recognized due to its significant contribution to the overall improvement of the economy, accounting for 9.3% of the country's GDP in 2019. OF remittances has been one of the foundations of the growth of household consumption in the country as cash sent by OFWs continued to support the expenses of their families in the Philippines. OF remittances have maintained an upward trend over the past few years, albeit relatively lower than the upsurge of remittances recorded in 2009 to 2014 averaging at 7.0% annually. 2019 saw the record high of OF remittances hitting USD 33.5 billion, 3.9% higher y-o-y as more Filipinos send back money to their families in the Philippines.

However, in 2020 because of the global pandemic taking place, OF remittances experienced a slump much like the other economic metrics. Around 300,000 OFWs were repatriated and returned to the Philippines in 2020 as a significant number faced job losses in their host countries. Majority of the repatriated OFWs were land-based workers, accounting for about 70% of the total number of returning OFWs in the country. As a result, OF personal remittances recorded a dip of -0.8% y-o-y, down to USD 33.1 billion this 2020, albeit a major source of the country's foreign exchange inflows, and actually accounting for 9.2% of the national GDP and 8.5% of the Gross National Income (GNI). This performance is far better than the estimates of DBCC who noted that remittances are likely to decline by -5.0% y-o-y. The OF Remittances were buoyed by the slight uptick in remittances coming from land and sea-based workers with work contracts in their host countries of less than year.

OF cash remittances, on the other hand, also saw a -0.8% dip y-o-y, although still a better performance than the initially forecasted -2.0% contraction by the BSP. Cash remittances from countries such as Japan, Saudi Arabia, the United Arab Emirates (UAE), Kuwait, the United Kingdom (UK), and Germany declined, while remittances from the United States (US), Canada, Qatar, Singapore, Hong Kong, South Korea and Taiwan improved. Majority of the OF remittances for 2020 were sourced from the US, while Singapore, Saudi Arabia, Japan, the UK, the UAE, Canada, Hong Kong, Qatar, and South Korea also had significant contributions to the total OF remittances recorded for the year.

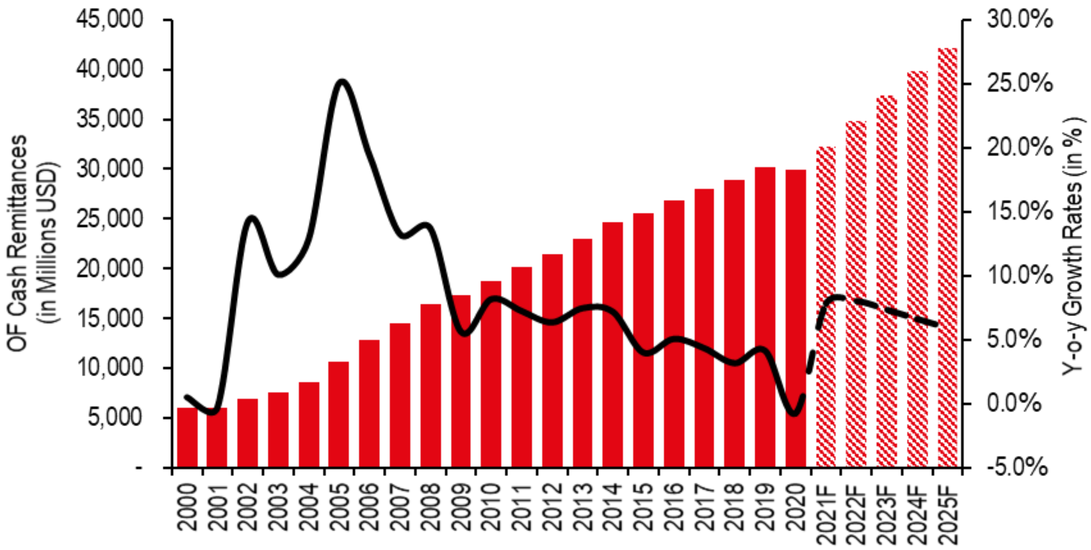
Table 2-1: Top 10 Sources of Cash Remittances as of 2020

Country	% Share from total 2020 Cash Remittances	Total 2020 Cash Remittances (in thousand USD)
USA	39.9%	11,936,353
Singapore	7.2%	2,148,447
Saudi Arabia	6.1%	1,811,538
Japan	5.3%	1,576,557
United Kingdom	4.6%	1,371,170
United Arab Emirates	4.3%	1,287,255
Canada	3.4%	1,028,866
Hong Kong	2.7%	821,160
Qatar	2.7%	820,402
South Korea	2.4%	707,632

Source: JLL Research and Consultancy, BSP

Forecasts for OF remittances in the succeeding years remain to be at a positive note with DBCC seeing it to quickly bounce back to a normalized annual growth rate of 4% y-o-y in 2021 and 2022 assuming that the deployment of Filipinos resume to usual levels as economies gradually reopen. Oxford Economics also remains positive in their forecast with growth rates ranging from 5.9% to 8.0% per annum in the next five years.

Figure 2-3. Overseas Filipino Remittances (2000 – 2025F)



Source: JLL Research and Consultancy, BSP, Oxford Economics

2.1.3 Foreign Direct Investments

The Philippine economy has always welcomed Foreign Direct Investments (FDI) coming in the country with the aid of several government arms such as the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA). A big leap was recorded in 2016 wherein FDIs grew by 40.7% y-o-y as investments continued to flow into the country despite the leadership change in the latter half of that year. The solid macroeconomic fundamentals of the country together with the strong investor confidence in the market led to the continuous growth of FDI which eventually peaked in 2017, recording a USD 10 billion inflow of foreign investments mainly coming from Japan, China and Europe.

The Philippines was poised for growth in 2020 on the back of reform policies with the likes of the Custom Modernisation and Tariff Act, as well as the Tax Reform for Acceleration and Inclusion (TRAIN) program which aimed to further develop the inflow of investments in the country. With the COVID-19 pandemic, however, its FDI also took a hit recording only USD 6.5 billion for 2020, a -24.6% drop y-o-y. The contraction was mainly influenced by the uncertainties brought about by the COVID-19 virus, dampening interest from long-term investors who chose to put business expansion plans on hold until the situation normalizes. Contractions from non-residents' net investments in debt instruments as well as non-residents' net equity capital investments contributed the most to the y-o-y dip of FDI, dropping by -22.0% and -35.7% respectively. Reinvestments from earnings, on the other hand, also contracted by -13.6% y-o-y. Equity capital placements in the timeframe mostly came from Japan, the Netherlands, the US, and Singapore, and were mostly invested in manufacturing, real estate, and financial and insurance industries, reflecting that these sectors continue to capture foreign interest amid the ongoing pandemic.

Table 2-2: Foreign Direct Investments by Country (Top 10) as of 2020

Country	% Share from total 2020 Equity other than Reinvestment of Earnings	Total 2020 Equity other than Reinvestment of Earnings (in millions USD)
Japan	47.3%	698
Netherlands	16.6%	245
USA	11.0%	162
Singapore	4.8%	71
Taiwan (ROC)	4.0%	56
China	3.5%	52
United Kingdom	2.9%	42
Hong Kong	1.9%	28
Cayman Islands	1.5%	22
Malaysia	1.4%	21

Source: JLL Research and Consultancy, BSP

Table 2-3: Foreign Direct Investments by Industry (Top 10) as of 2020

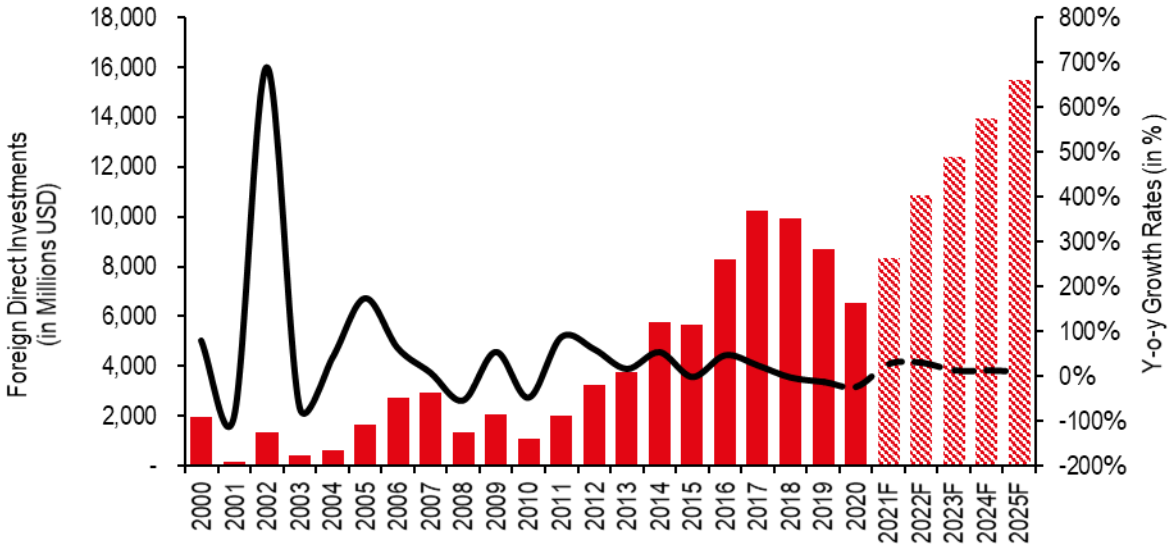
Country	% Share from total 2020 Equity other than Reinvestment of Earnings	Total 2020 Equity other than Reinvestment of Earnings (in millions USD)
Manufacturing	50.5%	745
Real Estate Activities	12.7%	188
Information and Communication	8.7%	128
Financial and Insurance Activities	7.5%	111
Construction	6.5%	96
Administrative and Support Service Activities	6.1%	90
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	5.7%	84
Professional, Scientific and Technical Activities	1.7%	25
Transportation and Storage	1.3%	19
Human Health and Social Work Activities	1.0%	14

Source: JLL Research and Consultancy, BSP

Oxford Economics forecasted FDI to rebound by 2021, growing by 27.3% y-o-y, and sustaining this growth until 2025 assuming that majority of the global economies reopen with business activities normalizing to pre-COVID levels driven by the proper roll out of vaccinations.

Foreign investor interest in the country is seen to bounce back once the vaccination has been properly rolled out backed by the interest of foreign investors to diversify their portfolios, with Philippines as a main alternative, due to various reasons such as cost advantage and foreign relations, among others. Also, other investment vehicles such as the Real Estate Investment Trust (REIT) have been made available in the country with the first enlistment done in 2020. Other than this, stimulus packages initiated by the Department of Finance (DOF) are being prepared, with some already enacted into law, to aid the economy to recover. These stimulus packages are the Corporate Recovery and Tax Incentives for Enterprises (CREATE) and the Financial Institutions' Strategic Transfer (FIST) bill, both aiming to assist the recovery of local businesses, as well as further attract foreign investments in the country.

Figure 2-4. Foreign Direct Investments (2000 – 2025F)



Source: JLL Research and Consultancy, BSP, Oxford Economics

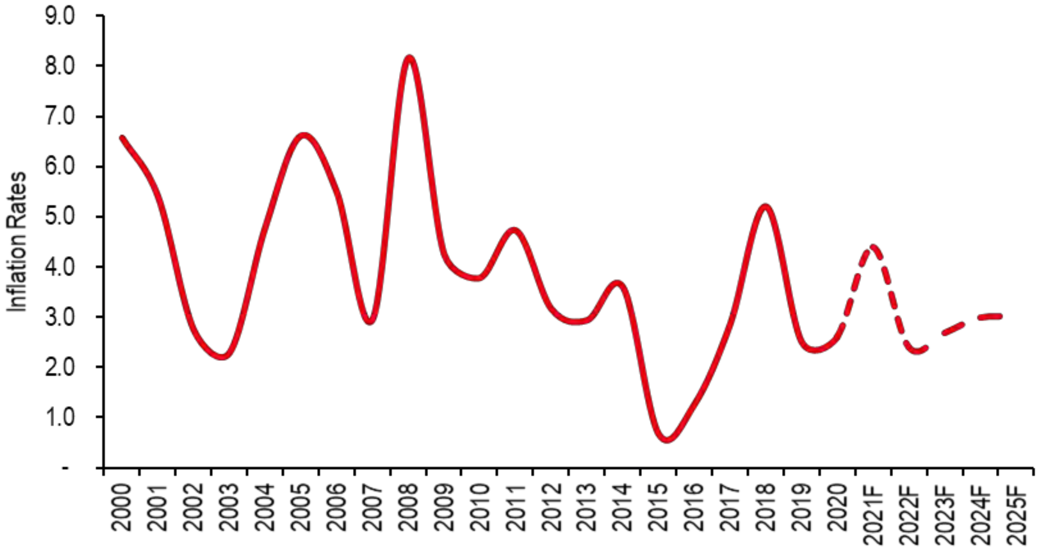
2.1.4 Inflation Rate

Due to the monetary policies that have been initiated by the Bangko Sentral ng Pilipinas (BSP), inflation rate in the Philippines has been stable over the past years. However, 2018 saw a surge in the average inflation rate of the country, ending at an average of 5.2% with the months of September to October 2018 and hitting record highs of 6.7%. The uptick was influenced by the increasing global oil prices, new and higher excise taxes slapped on consumption under the Tax Reform for Acceleration and Inclusion (TRAIN) act, and some bottlenecks on domestic food supply chains which caused surges on the prices of food and non-alcoholic beverages. The latter part of 2018 saw an increase in the interest rate prompted by the BSP to temper the velocity of the price surges experienced in the year. This move resulted in the gradual lowering of inflation which was felt in the latter months of 2018 until 2019 which recorded an average inflation rate of 2.5%.

Average inflation rate for 2020 continued to be stable at 2.6%, still within the BSP's medium-term inflation target of 2% to 4%. However, we saw an uptick in inflation in the last couple of months of the year where November and December recorded an inflation rate of 3.3% and 3.5% respectively, mainly caused by the increasing prices of food and non-alcoholic beverages. The PSA further elaborated that this acceleration was due to seasonal demand caused by the holidays, the African Swine Fever (ASF), and calamities affected the inflation rate in these months. Commodity groups such as health, and restaurant and miscellaneous goods and services also reported higher indices by December 2020, hitting 2.6% and 2.5% respectively.

BSP forecasts inflation rate to be stable over the next couple of years, at 3.2% and 2.9% in 2021 and 2022 respectively – still well within its 2% to 4% threshold. The BSP is also expecting inflation rate to settle within its set target range despite the risks and uncertainties caused by the pandemic. Oxford Economics, on the other hand, forecasts average inflation rate in the country to be at 4.4% in 2021, before stabilizing in 2022 to 2025 with inflation rate ranging between 2.4% and 3.0%

Figure 2-5. Inflation Rate (2000 – 2025F)



Source: JLL Research and Consultancy, BSP, Oxford Economics

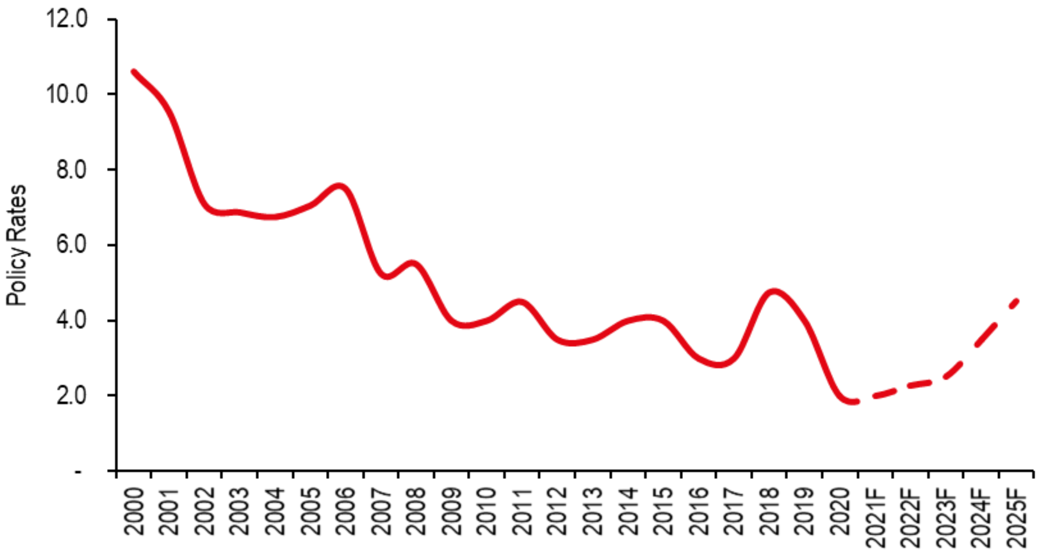
2.1.5 Policy Rate

As an effort to support the public and the domestic economy in recovering from the effects of the COVID-19 pandemic to businesses, the BSP has continuously lowered policy rates to fuel more economic activities in the country.

The BSP already cut down on the policy rates in the earlier part of 2020 when the country was still on a more stringent lockdown as an effort to contain and stop the spread of the virus which effectively limited business activities in the country. Policy rates were cut down by 175 bps from February to June 2020 as an effort to support the economy by encouraging households to spend. This was then further reduced to 2.0% on November 2020, down by 25 bps on the back of the elevated uncertainty in the economic performance of the country driven by a subdued interest from businesses, as well as the impact of the recent natural calamities which could hinder the quick recovery of the country's economy.

Policy rates is seen to be kept at 2.0%, an all-time low for policy rates, in 2021 even with inflation rate rising as a result of the government to bolster economic activities on the back of lower borrowing costs. However, this is seen to slowly tighten from 2022 onwards once the economy has already started to recover before going back to pre-COVID levels in 2025, driven by the vaccine rollout which will boost the market's confidence in resuming business operations close to normal.

Figure 2-6. Policy Rates (2000 – 2025F)



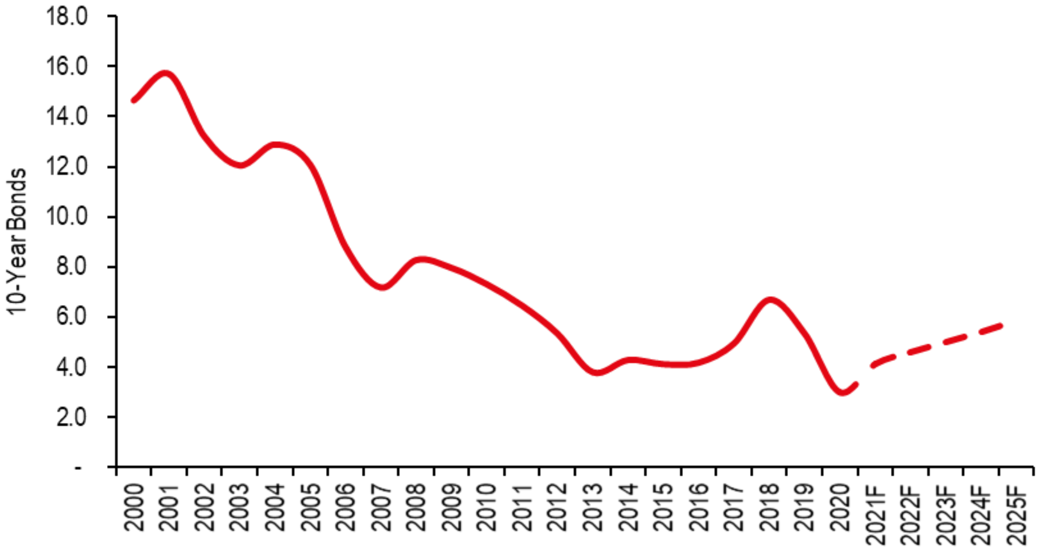
Source: JLL Research and Consultancy, BSP, Oxford Economics

2.1.6 10-Year Bonds

The country's 10-Year Treasury Bond (T-bond) rate has been heavily affected by the pandemic, falling to 2.9% as of end-2020 which is the lowest figure seen over the past couple of decades. The decline was driven by the deep liquidity in the market, as well as search for higher yields.

According to BSP, it plans to maintain lower rates for the next couple of years to support the recovering economy, although it would most likely increase rates gradually once the economy has bounced back.

Figure 2-7. 10-Year Bonds (2000 – 2025F)



Source: JLL Research and Consultancy, BSP, Oxford Economics

2.2 Socio-economic Overview

The Filipinos have been key to the accelerating growth of the country's economy. The continuously growing population in the Philippines, together with a relatively younger median age, translated to a large workforce who can easily be employed in various types of industries. Employment rate has been stable over the past decade due to the joint efforts of both the public and private sectors to provide jobs for the working population. This, together with the growing income levels in the country, improved domestic consumption which contributed to the overall acceleration of the Philippine economy. However, the COVID-19 pandemic in 2020 dulled business sentiments and diminished revenue, ultimately pulling down employment as firms closed down, limited their operations, or put their plans on hold.

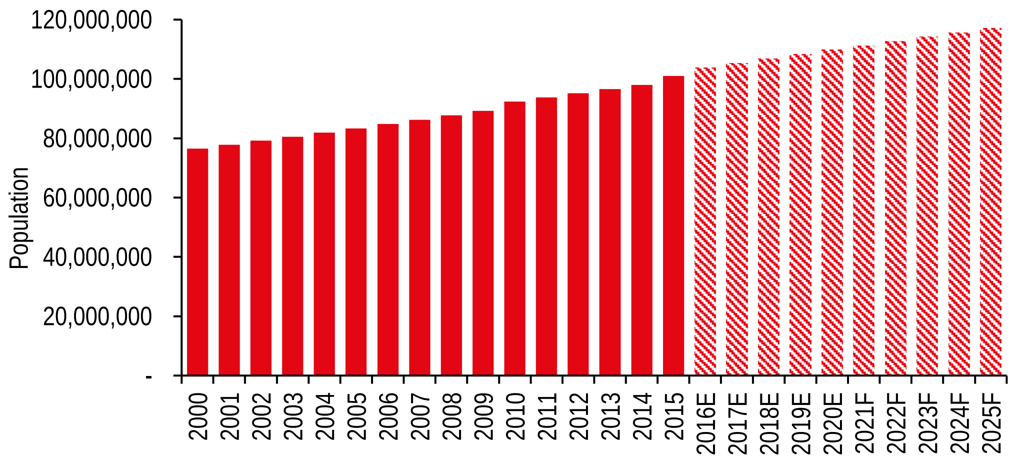
Forecasts of the Philippine's labor market is positive as business sentiments and economic activities are seen to recover upon the proper vaccine rollout which the national government has started to deploy this 2021.

2.2.1 Population

The Philippine population as of 2015 was recorded at 100.9 million, translating to a compounded annual growth rate of 1.5% from 2010 to 2015. The country's expanding population with a relatively young demographic, having a median age of 24 years old, continues to be one of its key advantages and a solid driving force for its economy. The growing population contributes to the overall domestic consumption from the rise of income levels and growing labor force. The overall younger median age of the country translates to a large working population, accounting for 60.7% of the total national population as of 2015.

Oxford Economics estimated the 2020 population hitting the 109.7 million mark wherein about 70.8 million belong to the working population, translating to about 65% of the total estimated population. The overall population is expected to grow further to 117.0 million by end-2025 where the working population is estimated to expand to 76.6 million. The foreseen continuous growth of the working population in the Philippines is a signal that the country will remain to be the house of a robust talent pool, making it an attractive location for firms.

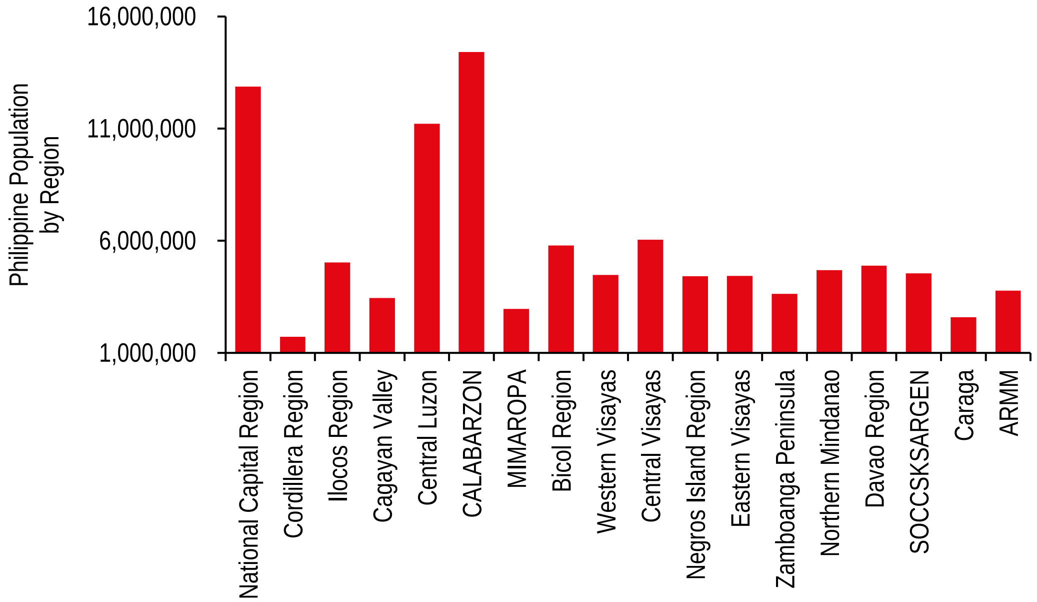
Figure 2-8. Population (2000 – 2025F)



Source: JLL Research and Consultancy, PSA, Oxford Economics

Looking at the 2015 population by region, Region IV-A (CALABARZON) accounts for the largest share of the pie, followed by the National Capital Region (NCR) most commonly known as Metro Manila and Region III (Central Luzon). Meanwhile, Region VII (Central Visayas) and Region XI (Davao Region) recorded the highest population in the VisMin islands.

Figure 2-9. 2015 Population by Region



Note: In 2017, Negros Island Region was dissolved. Negros Occidental and Negros Oriental reverted back as part of Western Visayas and Central Visayas, respectively.
Source: JLL Research and Consultancy, PSA, Oxford Economics

2.2.2 Labor Statistics

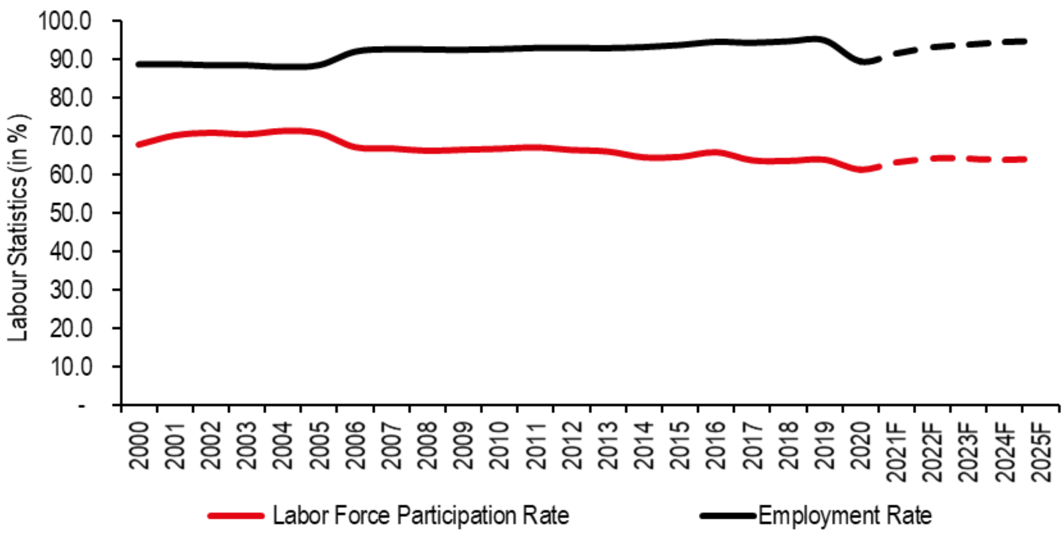
Employment rate in the country has been in a steady upward trajectory for the past decade on the back of the continuous efforts of both the public and private sectors to provide jobs for its citizens. In 2019, employment rate hit a record high of 94.9%, improving by around 20 bps y-o-y. The improved employment rate in the country can be attributed to the upticks recorded in the Industry and Services sectors which make up bulk of the total employed individuals in 2019. Majority are engaged in the whole and retail trade, repair of motor vehicles and motorcycles, and transportation and storage. Labor participation rate for 2019, on the other hand, was at 63.9%, higher by 30 bps y-o-y.

The upticks experienced in 2019 gave a positive outlook for the country as various foreign industries and businesses continued to locate and expand their operations in the Philippines, while local businesses also thrived which in return, generated employment for the Filipinos. However, as the economy was put into a standstill due to COVID-19 pandemic, employment and labor participation fell as businesses scaled down their operations or completely shut down their business due to difficulties in recouping revenues. Employment rate fell to a record low of 82.3% in April 2020 as an effect of the government implementing strict quarantine measures in the first quarter of the year to contain the spread of the virus which ultimately led to a temporary halt of business operations, unless deemed to be essential by the government. Likewise, labor participation rate also declined to a record low of 55.7% in April 2020.

Still, a recovery was recorded in July 2020 as employment rate bounced back to 90.0% and labor participation rate at 61.9%. This comes as an effect of the government gradually relaxing the quarantine measures in the latter part of the second quarter of the year. As business activities and public transportation started to resume their operations which drove the economy to open again, employees were able to report back to work and some companies, including IT-BPM firms, have been continuously hiring to improve their manpower despite the pandemic. By October 2020, employment rate reached 91.3%, a huge improvement from the figure in the first quarter of 2020. By end of the year, employment rate settled at 89.7% with labor participation rate at 59.5%. These values are still record lows for the Philippine labor market, but have improved from the initial projections of Oxford Economics.

Oxford Economics also projects employment rate to reach 91.6%, 93.1% and 93.9% in 2021 to 2023 respectively, before recovering at 2024 with 94.5%, reaching its pre-COVID level. The government is also seeing an improvement in employment rate once the vaccination has been rolled out, gradually removing the quarantine measures and enabling the economy to fully open. Also, the Department of Labor and Employment (DOLE) maintains a positive outlook for the country with the help of their three-year national recovery plan which aims to generate more jobs for the millions of Filipino workers displaced due to the pandemic.

Figure 2-10. Labor Force Statistics (2000 – 2025F)



Source: JLL Research and Consultancy, PSA, Oxford Economics

Looking at the 2020 labor statistics by region, double-digit unemployment rates were recorded in NCR, Region I and Region IV-A, hitting 12.4%, 11.5% and 11.0% respectively. In terms of sectors, the Arts, entertainment and recreation, and accommodation and food service sectors experienced the largest declines at -72.9% and -35.9% y-o-y respectively. This comes with the big hit experienced by the tourism and services sectors as boundaries were closed and leisure activities were temporarily not allowed as an effort to contain the virus. The Services sector still account for majority of the employed persons in the Philippines, making up 57.2% of the pie, while Agriculture and Industry account for the remaining 24.5% and 18.3% respectively.

3.0 RELEVANT REAL ESTATE LAWS ON THE OFFICE SECTOR

The following section discusses select relevant real estate regulations applicable to the office sector.

3.1 Real Estate Investment Trust (REIT)

Real Estate Investment Trust (REIT) allows investors to own real estate under a transparent platform and earn dividends from the same. REIT vehicles owns and operates income-generating assets wherein a certain percentage of the income is distributed to the shareholders.

The Real Estate Investment Trust (REIT) Act was passed into law in 2009 but no REITs were undertaken as real estate developers and other stakeholders found several provisions stringent. These were the (1) Minimum public float of 40% which should be increased to 67% on the third year of the listing; and (2) 12% value added tax (VAT) to be applied for transferring property ownership. The space has gained traction in recent months as the government revisited the key hurdles of the law to make it more appealing to prospective REIT players.

The Republic Act No. 10936, also known as the Tax Reform Acceleration and Inclusion (TRAIN) law addressed the first stumbling block faced by the stakeholders on VAT, while the SEC lowered the required minimum public float to 33% in 2020. Other than these revisions, the SEC also announced key revisions on old IRR:

Table 3-1: Key Revisions in the REIT Act

Key Provisions in the Revised IRR	Previous IRR	Revised IRR
Minimum Public Ownership (MPO)	40% on Year 1; 67% on Year 3	33%
VAT transfer of properties to a REIT	12%	Exempted provided that the exchange should result in an acquisition by the transferor to at least 51% of the outstanding voting capital stocks of the transferee

Source: Securities and Exchange Commission, Philippine Stock Exchange

Table 3-2: Other Provisions in the REIT Act

Other Key Provisions	
Reinvestment in the Philippines	With provision on reinvestment
Foreign Assets	REITs are allowed to invest in foreign assets, but ownership should not exceed 40% of the fund's deposited property, subject to SEC's approval
Non-Resident Investment	REIT investments by a non-local entity must be registered to the BSP through an authorized agent bank

Source: Securities and Exchange Commission, Philippine Stock Exchange

The REIT Act finally took off with its first listing, a PHP 13.6 billion IPO by AREIT Inc. which is a subsidiary of Ayala Land Inc (ALI). The property portfolio of AREIT Inc. upon listing was composed of three (3) commercial buildings in Makati City, namely, (1) Solaris One; (2) Ayala North Exchange;

and (3) McKinley Exchange, offering a total of around 152,756 sqm of gross leasable space (GLA). The first two are wholly owned by the company, while McKinley Exchange is under a lease contract with ALI. AREIT Inc. then acquired Teleperformance Cebu in Cebu City, Cebu IT Park just within a month after its first public offering, and announced in January 2021 that they have successfully purchased a 9.8-hectare land consisting of four parcels of land in Laguna Technopark for PHP 1.1 billion. AREIT Inc. recently announced that they are planning to expand their earnings this 2021 as they add ten more assets under their portfolio. The assets to be added would include three office towers in Vertis North in Quezon City, office-condominium units in BPI-Philamlife towers in Makati City and Muntinlupa City, One and Two Evotech in Laguna, and Bacolod Capitol Center and Ayala Northpoint Technohub in Negros Occidental. These assets are valued at PHP 15 billion, and are seen to increase AREIT Inc.'s deposited property value to PHP 52 billion by the end of 2021.

Double Dragon Properties, Inc. (DD) filed its REIT registration in November 2020 and has announced that it is looking at doing the listing in six tranches of about 200,000 to 250,000 sqm of office space annually. According to a PSE disclosure, the DD Meridian Park REIT, Inc. (DDMP REIT) will consist of six buildings located within the 4.75-ha DD Meridian Park. Just this February 2021, SEC already provided a go signal to the listing. DDMP REIT Inc. officially debuted to the market in March 24, 2021, and closed flat with share price peaking at PHP 2.40 per share, and eventually closing at PHP 2.25 per share, an incremental difference from its start price of PHP 2.26 per share.

Filinvest Land, Inc. (FLI), on the other hand, announced in January 2021 that the company's subsidiary, Cyberzone Properties, Inc. (CPI), will be transitioned into a REIT vehicle and will be renamed as Filinvest REIT Corp. The REIT vehicle's portfolio would include six office buildings found in Northgate Cyberzone in Filinvest City, as well as Filinvest Cyberzone in Cebu City. The REIT vehicle plans to raise PHP 15 billion from its initial public offering, and has officially filed its registration at the SEC.

Meanwhile, Robinsons Land Corporation (RLC), Megaworld Corporation (MEG), and SM Prime Holdings, Inc. (SMPH) have reported to be preparing their REIT vehicles, while Vista Land and Lifescapes, Inc. (VLL) has previously expressed their plans to venture in the same.

3.2 Board of Investments Omnibus Investments Code (Executive Order No. 226)

The Board of Investments (BOI) is an agency operating under the Department of Trade and Industry (DTI) which aims to aid promoting economic growth by attracting inbound investments from investors and entrepreneurs to set up shop in the Philippines. The agency serves as a one-stop shop in doing business in the Philippines for both local and foreign investors, helping promote businesses locally and internationally. Other than this, BOI also advises on business procedures, requirements, and growth from expansion or diversification of products and services.

Under the mandate of Omnibus Investments Code (Executive Order No. 226), BOI provides tax exemption and incentive packages to registered enterprises engaged in the activities listed under the Investments Priorities Plan (IPP). BOI registered companies are entitled to the following fiscal and non-fiscal incentives under this code:

Table 3-3: Incentives to BOI Registered Enterprises

Fiscal Incentives	Non-Fiscal Incentives
Income tax holidays	Employment of foreign nationals
Duty exemption on imported capital equipment, spare parts, and accessories	Simplification of customs procedures for imported products
Exemption from wharfage dues and export tax, duty, import and fees	Importation of consigned equipment
Tax exemption on breeding stock and genetic material	Privilege to operate a bounded manufacturing/trading warehouse, subject to custom rules and regulations
Tax credits on imported raw materials	
Tax and duty-free importation of consigned equipment	
Additional deduction for labor expense	

Source: BOI; Executive Order No. 226 Article 39, JLL Research and Consultancy

3.3 Philippine Economic Zone Authority Fiscal and Non-Fiscal Incentives

The Philippine Economic Zone Authority (PEZA) is an agency attached to the DTI and was created to promote foreign investment in the Philippines. It aids foreign investors or export-oriented manufacturing and service facilities in registering and facilitating business operations within selected areas throughout the country proclaimed as PEZA Special Economic Zones. As of November 2020, there are 410 economic zones in the country wherein 290 are IT parks/centers.

Same with the BOI, PEZA also grants incentives mandated by Book VI of Executive Order No. 226, which covers tax treatment, exemption from local taxes and licenses, employment of foreign nationals, and the additional incentives provided in Article 39. Thus, in order to be eligible with the incentives, enterprises must be accredited by PEZA and should fall under the following verticals: Export Manufacturing, Information and Technology Service Export, Tourism, Medical Tourism, Agro-Industrial Export Manufacturing, Agro-Industrial Biofuel Manufacturing, Logistics and Warehousing Services, Economic Zone Development and Operation, Facilities Providers and Utilities. Below are the fiscal and non-fiscal incentives granted to PEZA registered enterprises:

Table 3-4: Incentives to PEZA Registered Economic Zone Developers/Locators

Fiscal Incentives	Non-Fiscal Incentives
Special 5% Tax on Gross Income and exemption from all national and local taxes, except real property tax on land owned by the Economic Zone Developer	Simplified Import – Export Procedures
VAT Zero rating of local purchases	Non-resident Foreign Nationals may be employed by PEZA-registered Economic Zone Enterprises in supervisory, technical or advisory positions
Exemption from expanded withholding tax	Special Non-Immigrant Visa with Multiple Entry Privileges for the following non-resident Foreign Nationals in a PEZA-registered Economic Zone Enterprise: Investor/s, officers, and employees in supervisory, technical or advisory position, and their spouses and unmarried children under twenty-one years of age. PEZA extends Visa Facilitation Assistance to foreign nationals their spouses and dependents.

Source: PEZA, JLL Research and Consultancy

With the recent ratification of the CREATE bill, the transition period to the new tax system would be from four to a maximum of nine years. This means that PEZA registered businesses will be sticking to the status quo and once the transition period is over, they would have the option whether they want to apply for the 5% of the gross income earned (GIE) incentive or the CIT rule.

3.4 Philippine Amusement and Gaming Corporation (House Bill No. 5777)

The Philippine Amusement and Gaming Corporation (PAGCOR) governs two entities in the online gaming industry, specifically POGO operators who are the ones holding the licenses, and POGO Service Providers which serve as back office of the operators (customer relations, information technology support, gaming software, and live studio and streaming).

The industry underwent criticisms due to tax evasion concerns, pushing the government to craft a law that would codify the taxation of POGOs in the country. The Senate Ways and Means Committee undertook measures that would dictate the tax rules governing POGOs. In the bill which was recently approved by the House of Representatives in February 2021, license holders shall pay a franchise tax worth 5% of the firm's gross gaming receipts, while foreign employees shall be subject to 25% withholding tax assuming that they are earning PHP 50,000 monthly. The bill is currently with the Senate for succeeding readings before proceeding to the office of the President.

Table 3-5: Key Regulations Under House Bill No. 5777

Key Regulations
Franchise tax of 5% imposed on gross receipts from operations
Additional 25% withholding tax for foreign employees earning PHP 50,000 monthly (PHP 600,000 annually)

Source: Philippine Congress, JLL Research and Consultancy

The push of the national government for additional taxation on POGO firms has led to the flight of some operators from the country. This is evident when looking at the number of operating license holders which only amounts to 38 entities as of 2020, compared to a peak of 61 companies before the COVID-19 pandemic. Tax collections from POGOs are also seen to settle at PHP 3.9 billion in 2020 which is roughly 50% of the PHP 7.2 billion recorded in 2019.

3.5 CREATE Bill

The Philippine government introduced the Comprehensive Tax Reform program (CTRP) which aims to address the issue on the efficiency of the system, as well as aid to reduce poverty in the nation. The reform also provides a sustainable stream of revenue that will be generated to make meaningful investments.

The reform has four packages namely: (1) TRAIN 1; (2) Corporate Income Tax & Incentives; (3) Real Property Valuation Reform; and (4) Passive Income and Financial Intermediary Taxation Act. To date, TRAIN 1 has already been passed and implemented, while the second package of the reform has just been ratified into law in March 26, 2021.

The 2nd package of CTRP, called the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) and previously known as the Corporate Income Tax and Incentives and Incentives Reform Act (CITIRA). The CREATE bill, now called the RA 11534, focuses on lowering corporate income taxes, as well as to rationalize fiscal incentives for corporations and businesses. The bill was also amended by the Department of Finance (DOF) to support distressed companies as an effect of the pandemic.

One of the main provisions of the CREATE bill is the lowering of corporate income taxes. Under the bill, the corporate income taxes for domestic corporations with total assets not exceeding PHP 100 million (excluding land) and total net taxable income of not more than PHP 5 million is lowered to 20% from the original 30%. On the other hand, corporate income tax for all other corporations is also lowered to 25%. Besides this, the enactment of the bill also lowers the minimum corporate income tax from 2% to 1% effective July 2021 to June 30, 2023.

Under the CREATE bill, exporters are granted up to 17 years of incentives, including four to seven years of income tax holiday and 10 years of special corporate income tax or enhanced deductions. Likewise, it also grants up to 12 years of incentives for "critical" domestic market enterprises (to be identified by the National Economic and Development Authority (NEDA), including four to seven years of income tax holiday and five years of enhanced deductions. The CREATE Bill also plays into the incentives currently offered for firms registered under PEZA and BOI.

<u>Table 3-6: Key Tax and Incentives Regulations Under CREATE BILL</u>

Key Regulations	
Corporate Income Tax	Reduced CIT rate of 20% shall be applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated)
	Reduced CIT rate of 25% shall be applicable to all other domestic and foreign corporations.
	For the period beginning July 01, 2020 until June 30, 2023, minimum corporate income tax rate shall be 1%, instead of 2%
	Improperly accumulated earnings tax is repealed.
Fiscal Incentives Rationalization	The Fiscal Incentives Review Board (FIRB) or the Investment Promotion Agencies (IPAs) under a delegated authority from the FIRB, shall grant incentives pursuant to the Tax Code only to the extent of their approved registered project or activity under a Strategic Investment Priority Plan (SIPP).
Fiscal Incentives	Qualifications of a registered business enterprise: • Should be engaged in an activity included in the SIPP; • Should meet the target performance metrics after agreed time period; • Should install adequate accounting systems that can identify the investments, revenue, costs and profits for each activity or establish a separate corporation for each registered project or activity; • Should comply with e-receipting and e-sales requirement; • Should submit annual reports of beneficial ownership of the organization and related parties
	Income tax incentives that can be availed are as follows: • Income tax holiday followed by Special Corporate Income Tax (SCIT) of 5% based on gross income earned, in lieu of all taxes; OR • Regular CIT with enhanced deductions, at the option of the export enterprise or domestic market enterprise engaged in activities classified as strategic industries

Key Regulations

Duration of income tax incentives differed for each category which is based on location and industry priorities:

- ITH followed by SCIT:

	Tier I	Tier II	Tier III
Export Market			
NCR	4 years ITH; 10 years ED/SCIT	5 years ITH; 10 years ED/SCIT	6 years ITH; 10 years ED/SCIT
Metropolitan areas of areas adjacent to NCR	5 years ITH; 10 years ED/SCIT	6 years ITH; 10 years ED/SCIT	7 years ITH; 10 years ED/SCIT
All other areas	6 years ITH; 10 years ED/SCIT	7 years ITH; 10 years ED/SCIT	7 years ITH; 10 years ED/SCIT
Domestic market			
NCR	4 years ITH; 5 years ED	5 years ITH; 5 years ED	6 years ITH; 5 years ED
Metropolitan areas of areas adjacent to NCR	5 years ITH; 5 years ED	6 years ITH; 5 years ED	7 years ITH; 5 years ED
All other areas	6 years ITH; 5 years ED	7 years ITH; 5 years ED	7 years ITH; 5 years ED
Export and domestic market enterprises			
Areas recovering from armed conflict or major disaster	Additional 2 years ITH	Additional 2 years ITH	Additional 2 years ITH
Relocation from NCR	Additional 2 years ITH	Additional 2 years ITH	Additional 2 years ITH

Other fiscal incentives

- Exemption from customs duties on importation of capital equipment, raw materials, spare parts or accessories directly and exclusively used in the registered project or activity and which are not produced or manufactured domestically in sufficient quantity at reasonable prices
- VAT exemption on importation and VAT zero-rating on local purchases of goods and services directly and exclusively used in the registered project or activity by a registered enterprise located inside an ecozone or freeport

Source: Philippine Senate, Grant Thornton, JLL Research and Consultancy

The bill's enactment is foreseen to enable the Philippines to be up to par with its Southeast Asian peers in terms of attracting foreign direct investments on the back of lower corporate income taxes, as well as a performance-based and time-bound incentives system. With the increase of investments flowing in the country, an increase of jobs made available for the Filipino people is also expected, further supporting the economy to recover and gradually expand from the decline experience due to the pandemic. Other than foreign investments, MSMEs are also expected to grow with the passing of the CREATE bill, backed by the overall lower corporate income taxes imposed for this segment. The rationalization of incentives also improves the quality of investments and businesses entering the country, as well as improve inclusive growth by granting higher incentives for those that will put their money in to the countryside, or other areas recovering from disasters and conflict.

3.6 Real Estate Loans

The BSP issued Circular No. 600 in 2008 which limited real estate loans of universal and commercial banks (U/KBs) to 20% if their total loan portfolio. This cap was implemented to push for stability amidst the volatile real estate market in that period.

In August 2020, the BSP eased the real estate lending limit of U/KBs to 25% of their total loan portfolio, an increase from the previous 20%. This translated to an additional PHP 1.2 trillion which can be borrowed by the real estate sector. The monetary officials have decided on this move to aid the recovery of the sector amidst the pandemic. It is mandatory for U/KBs and their subsidiary thrift banks (TBs) to go through the real estate stress test (REST) limit after assuming a 25% exposure to real estate activities.

4.0 PHILIPPINE IT-BPM INDUSTRY

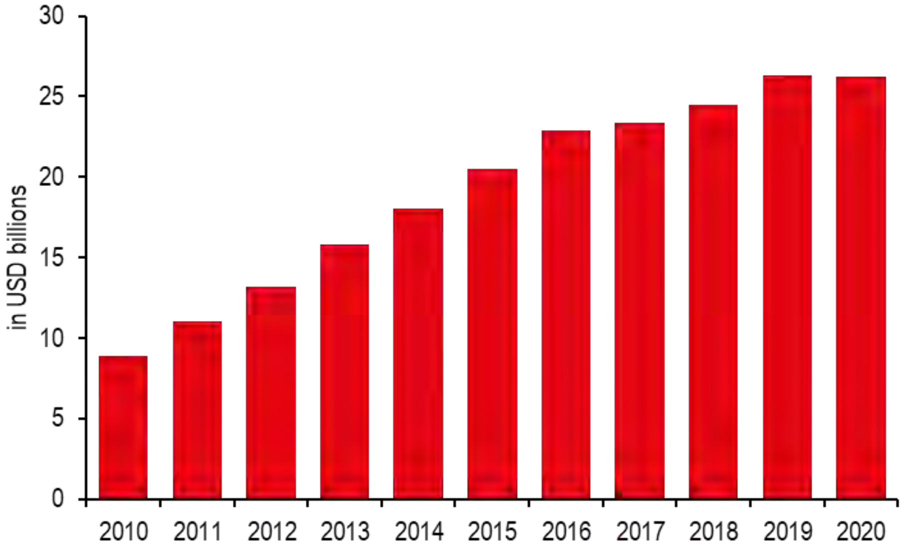
4.1 Industry Overview

The Information Technology and Business Process Management, coined as IT-BPM, has been one of the major drivers of the growth of the Philippine economy, contributing at least 9.0% to the growth of the country's GDP in 2019. Being one of the major industries and larger employers in the Philippines, the sector also accelerated the growth of the office market not only in Metro Manila, but in other key cities and regions in the Philippines as well. The industry started way back 1980s by only offering services such as basic encoding, programming, and in-house development. This has rapidly evolved over the course of the next four decades as the industry is now categorized into six subsectors namely (1) Call Center and BPO; (2) Information Technology; (3) Health Information Management Service; (4) Animation; (5) Game Development; and (6) Global In-House Centers (GIC). The industry has now grown to about 1,300 companies which, in total, generated more than 1.3 million jobs for Filipinos making it the Philippines' largest job generator and one of the country's biggest private sector employers.

The notable performance of the IT-BPM industry in the Philippines has led to the country being recognized 6th in the Tholons Top 50 Digital Nations in 2020 Services Globalization Index, a flagship report aiming to benchmark the rapidly transforming digital landscape and services globally using criteria such as talent skills & quality, business catalyst, cost & infrastructure, risk & quality of life, and digital & innovation. The country ranked higher than majority of its neighbours within Southeast Asia, only coming second after Singapore. The Philippines was also acknowledged as a leading destination for IT-BPM locators on the back of the competitive cost and the robust and diverse talent pool found in the country, some of the key characteristics sought after by players in this industry.

The IT-BPM sector has continuously delivered growth, driving the Philippine economy over the past ten years with revenue expanding from USD 8.9 billion in 2010 to USD 26.2 billion in 2020 which translated to an average annual growth rate of 11.4%. According to the IT & Business Process Association of the Philippines (BPAP), the number of full-time employees (FTE) grew by 5.8% y-o-y, translating to 1.3 million FTEs in 2019. Also, total industry revenue increased by 7.1% y-o-y or USD 26.3 billion in the same year. The continuous entry and expansion of new and existing players, most of which are global in-house centers (GICs), in Metro Manila and the other key cities in the country have contributed heavily on the growth of the sector in 2019.

Figure 4-1. Philippine IT-BPM Revenue (2010 – 2020)



Source: IBPAP, JLL Research and Consultancy

However, 2020 dampened business sentiments across industries due to the economic decline brought about by the COVID-19 pandemic. In the Philippines alone, an estimate of PHP 120 billion was lost due to business opportunities being deferred, as well as unplanned costs that came with the sudden shift needed to be taken by businesses such as work-from-home arrangements, company shuttles, safety necessities, etc. According to IBPAP, travel and tourism accounts faced the hardest hit as the sector overall is heavily impacted by the pandemic due to travel bans and border closures as an effort of the government to contain the spread of the virus. On the other hand, the healthcare, telecommunications, financial services and e-commerce industries experienced an increased demand on the back of more people being conscious of their health as well as a large population staying at home due to health risks together with the quarantine measures imposed by the government.

During the enhanced community quarantine within the first quarter to the second quarter of 2020, only essential service providers were allowed by the government to operate. The IT-BPM industry was classified as an essential service provider and continued to operate where 50% of workers in this industry were unproductive due to lack of work in April 2020. This figure picked up as the government gradually eased the quarantine measures and productivity levels rose to a high of 90% in July 2020, according to IBPAP. The association also reported that the industry observed an increase of 40% in the productivity of firms who were able to quickly optimize their own remote working models. Also, a 40% decrease in absenteeism and a 10% dip in the turnover rate of employees were also observed once the work-from-home set up was implemented. Besides this, a 20% decrease on costs associated to real estate and resource usage was observed.

IBPAP released a revised outlook for the sector until 2022. The association's forecast on revenue for 2020 at USD 26.2 billion was met, recording a decline of -0.5% y-o-y, an almost flat growth from its performance in 2019. Nevertheless, this is still a far better performance than the recorded figure for the Philippine economy. Employment, on the other hand, remained at 1.3 million employees in 2020 with no jobs being lost despite the pandemic. The association anticipates the industry to recover by 2021 and 2022, with revenue growing by 3.2% and 5.5%, and employment by 2.7% and 5.0% y-o-y respectively. The growth is expected to be driven by GICs, health information management service, human resources, information and technology software, and content moderation which were seen to make up majority of the new investors in the Philippines.

4.2 IT-BPM Occupier Site Criteria

Several factors are being considered by IT-BPM firms when shortlisting areas to set up shop, whether as a new location or as an expansion of their existing operations. Broad parameters that are used to evaluate include but are not limited to: (1) quality and scalability of talent pool; (2) real estate and labor costs (3) quality of infrastructure (4) presence of complementary developments; and (5) business environment. These parameters are also the similar to the metrics being evaluated by Tholons when crafting their Top 50 Digital Nations 2020 Service Globalization Index.

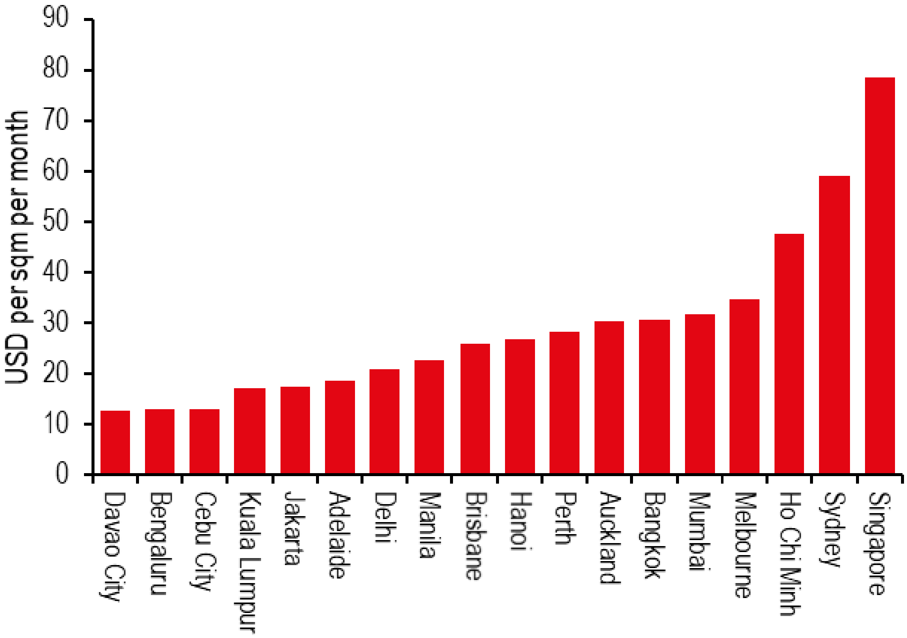
4.2.1 Quality and Scalability of Talent Pool

The quality and scalability of talent is one of the key metrics reviewed by IT-BPM companies. This is to ensure that the local labor pool is qualified to perform the required services and that there is potential to grow the talent base. This has made the Philippines a hotbed for outsourcing due to its robust and skilled talent pool. Literacy rate in the Philippines was recorded at 98.0% with over 60% of the population capable to communicate in English, making the country the fifth largest English-speaking country globally as of 2019. This has made the Philippines an ideal destination for IT-BPM firms, especially for voice operations, particularly for the North American and Western markets due to cultural links, proficiency in the English language, and accent neutrality all with a hospitable tone. These, coupled with a large working population accounting for around 64.5% of the total population in the country, further builds the case that the Philippines is an ideal location for IT-BPM firms. The huge available talent pool gives multinational companies a highly skilled and diverse population that they can potentially employ in a variety of fields and expertise. When looking at Tholons' list for their Top 50 Digital Nations and Top 100 Super Cities, we see the Philippines performing at par in these aspects with their Southeast Asian neighbours such as Vietnam and Singapore. However, when looking at it on a per city basis, we actually see Manila outperforming Ho Chi Minh and Singapore City particularly when it comes to the talent pools' skillset, reinforcing that the talent pool found in the Philippines is one that is of global standards.

4.2.2 Real Estate and Labor Costs

Cost of operations, which encompasses real estate costs and wages, is also a key metric used by IT-BPM firms in their site selection. Overall office rents in Metro Manila is at USD 23 per sqm per month. These figures are lower compared to neighbouring outsourcing markets such as Bangkok at USD 30 per sqm per month, Ho Chi Minh at USD 48 per sqm per month, and Singapore at USD 78 per sqm per month. Also, office rents in other urban hubs in the country such as Metro Cebu and Davao City are averaging at USD 13 and USD 12 per sqm per month, respectively.

Figure 4-2. Average Office Rents in the APAC Region (as of 4Q20)



Source: JLL Research and Consultancy

Table 4-1. Average Office Rents in the APAC Region (as of 4Q20)

City	Average Office Rents (USD/sqm/month)
Singapore	78.5
Sydney	58.9
Ho Chi Minh	47.6
Melbourne	34.6
Mumbai	31.7
Bangkok	30.6
Auckland	30.2
Perth	28.2
Hanoi	26.7
Brisbane	25.8
Manila	22.6
Delhi	20.8
Adelaide	18.6
Jakarta	17.2
Kuala Lumpur	17.1
Bengaluru	12.9

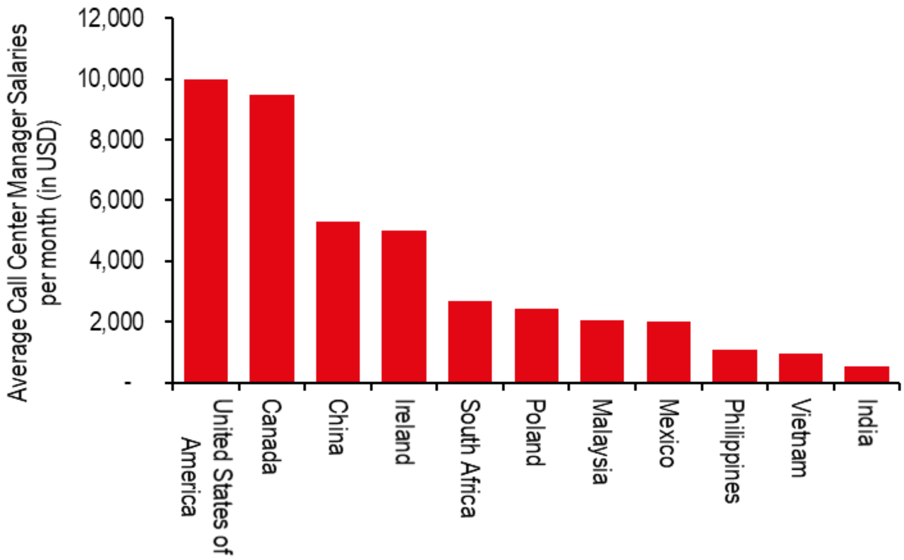
City	Average Office Rents (USD/sqm/month)
Cebu City	12.9
Davao City	12.5

Source: JLL Research and Consultancy

It is also important to note that IT-BPM locators typically set up their operations within or proximal to major and emerging business hubs as these districts house newer developments which are able to cater to the space requirements by IT-BPM firms. These include large and open floor plate, ability to accommodate high density and 24/7 operations, fibre optic connection, and redundancy, among others.

Similarly, the country also offers competitive salaries relative to other key IT-BPM markets in the world. According to the statistics presented by SalaryExplorer, a salary and career resources website that employees and employers alike can use for comparison, the Philippines together with India and Vietnam commanded the lowest salaries for IT-BPM employees across the region as of 2021. Altogether, the lower occupancy costs combined with skilled affordable talent serve as one of the key advantages of the Philippines over other IT-BPM destinations.

Figure 4-3. Average Salaries for IT-BPM Managers in Specific Markets (as of 2021)



Source: SalaryExplorer, JLL Research and Consultancy

4.2.3 Infrastructure

Infrastructure is another key element to the site selection process of IT-BPM occupiers. Road and transport infrastructure provide support to talent mobility, ensuring that the site can tap and attract potential labor pool to sustain operations. At a building level, reliable access to internet and power are important to ensure seamless operations.

The "Build, Build, Build" program of the Philippine government which aims to develop the country's infrastructure is a boon for the industry as it would help improve connectivity in various parts of the country and offer viable locations for operations. As of September 2020, the program has 104 flagship infrastructure projects wherein bulk would be in Luzon with 53 projects in total. About half of this would be in Metro Manila such as the planned Metro Manila subway which would further improve connectivity and access for the commuting mass not only within Metro Manila but also to and from its neighbouring Cities and towns, as well as the BGC-Ortigas Center Road Link which will cut down travel time from the two major business districts in the metro. Meanwhile, key infrastructure projects are also in the way for other business centres in the country such as the Metro Cebu Expressway and the Cebu-Cordova Bridge in Metro Cebu.

Below is a brief description of key infrastructure projects expected to drive growth in Metro Manila, Metro Cebu, Davao City, Tarlac City, and Naga City.

Metro Manila Subway

A 36-kilometre long underground subway that will connect North Caloocan in Bulacan and Dasmarinas, Cavite via Metro Manila. The railway route is expected to have 15 stations that will be implemented into two phases. Once operational, the mass transit project will be able to accommodate 1.5 million passengers a day, and is seen to further expand its capacity by 370,000 passengers a day after its first year of operations. Partial operations are targeted on 2022, while the initial phase which covers the central zone in Metro Manila in between Valenzuela and Paranaque City is set to be completed by 2025.

C5 MRT 10 Project

The C5 MRT 10 Project is a 22.5-kilometre elevated light railway system with 16 stations. It is expected to run along C5, connecting NAIA Terminal 3 and Quezon City. To date, the project is still for approval of the relevant governing bodies.

NLEX-SLEX Connector Road

The NLEX-SLEX Connector Road is an upcoming infrastructure project expected to stretch for a total length of 8.0-kilometre. The project is envisioned to extend from the end of Segment 10 in C-3 Road, Caloocan City to PUP Sta. Mesa City then connect to the Common Alignment of Skyway Stage 3; hence connecting NLEX with SLEX.

Travel time from SLEX to NLEX is expected to decrease from 2 hours to only 20 minutes while travel from Clark Freeport Zone to Calamba City is expected to drop from 3 hours to about 1.5 hours. Through this road project, traffic within Metro Manila is expected to lessen as it aims to provide an alternate route for trucks in order to resolve issues with the implemented truck-ban in Metro Manila. The project is estimated to cost around PHP 17.8 billion and is set to be completed by 2021.

Central Luzon Link Expressway Phase 1

CLLEX Phase 1 is one of the transports and mobility project of the government in Central Luzon. It is a four lane 30-kilometre expressway which will pass through the municipalities of La Paz in Tarlac, Zaragoza and Aliaga in Nueva Ecija. Phase 1 is divided into 4 packages, with a cost of Php 1.6 billion. Currently, it is now at 97% complete shared by Department of Public Works and Highways.

Upon completion, the project is expected to cut the travel time between the Cities of Tarlac and Cabanatuan to just 20 minutes from the usual 70 minutes. It will also help in decongesting traffic in Pan Philippine Highway and expected to have 11,200 motorists to take this new route. It will also likely to promote more livelihood opportunities in Region III that will help reducing Metro Manila congestion.

Metro Cebu Expressway

Metro Cebu Expressway, one of the priority projects in Central Visayas, is a 74-kilometer expressway from Cebu North Road in the city of Danao to the Naga-Toledo Road in Naga City. It is a Php 28 billion project funded under public-private partnership program. The project is divided into 3 segments: 26.8-kilometer long from Talisay to Mandaue/Consolation boundary is Segment 1; 29.7-kilometer long from Mandaue/Consolation to Danao City is Segment 2 and 17.15-kilometer long from Naga City to Minglanila/Talisay boundary is Segment 3.

The project is expected to be completed in 2022 and will serve as alternate route for the motorist to decongest traffic in the area.

Cebu-Cordova Bridge

The Cebu-Cordova Bridge, one of the major projects in Central Visayas, is a toll bridge that will connect Cebu and Mactan Island through Cordova. It is a Php 27 billion joint venture project thru a public-private partnership of Metro Pacific Tollways Development and the local government units of Cebu City and the Municipality of Cordova. It is 8.25-kilometre bridge with four lanes that will start at Cebu South Coastal Road Tunnel in Cebu and will end at Mactan Cebu Circumferential Road in Cordova. The project is currently 58.7% completed.

The completion of the project will improve connectivity and reduce traffic in Metro Cebu. It also aims to lessen the congestion in the two existing bridges connecting Mandaue and Cebu City to Lapu-Lapu. Further improve economic growth, trade activities and tourism in Cebu are also expected to be results of the project.

BGC-Ortigas Center Road Link

A Php 1.6 billion project of DPWH in National Capital Region that aimed to cut travel time between two business districts. It is a 613-meter bridge that will stretch across Pasig River which will connect Ortigas Center in Pasig and Bonifacio Global City (BGC) in Taguig. BGC-Ortigas Center Road link will have four lanes and will be connected to Lawton Avenue Global City Viaduct. Project is set to be operational in 2021.Once completed, it may serve as an alternative route for motorist going to and from Pasig and BGC. It could also help in decongesting traffic in EDSA and C5.

New Manila International Airport

The New Manila International Airport, a major project in Central Luzon, is a proposed project by San Miguel Corporation which will be built in the coastal areas in Bulacan. The proposed airport will be built in a 2,500-hectare coastal property as part of an envisioned 12,000- hectare township. It will feature at least four runways and all aviation related facilities with a capacity of 200 million passengers annually. The project has an estimate cost of Php 735 billion and will be funded under public-private partnership program. Currently, the project has on-going construction and set to be completed in 2025. Once completed, the project will help in decongest Ninoy Aquino International Airport and boost economic activities and employment in the region particularity in Bulacan.

Mindanao Railway Project

The project is a 2,000-km railway project, which costs USD 9 billion. It is planned to be funded through the General Appropriation Act. Davao Region will benefit from the Tagum-Davao-Digos segment of the railway project. The project is set to be completed by the first quarter of 2022.

On the other hand, the Philippines currently has three telecommunication providers who continuously innovate and improve their services, especially recently with the availability of the 5G technology in the country. Besides this, the technology arm of the government, specifically the Department of Information and Communication Technology (DICT) has been continuously active in setting and initiating different programs and projects to further improve the internet connectivity in the country. Some of these initiatives would be deploying fibre optic and wireless technology across the country to improve connectivity and launching a free public internet access to bridge the growing digital divide, among others.

4.2.4 Presence of Complementary Developments

The presence of complementary developments in the neighbourhood is another consideration by IT-BPM firms. Apart from infrastructure, IT-BPM locators also seek sites that are accessible to residential, retail, and hotel options to support their employees. This is the reason why IT-BPM firms in the country are largely concentrated within business hubs and township developments which have exemplary access to support developments.

Such is the instance with the key business districts in Metro Manila such as Makati City and Taguig City which, apart from housing office buildings, also has support developments proximal to these developments. Examples of these would be Makati City with the Glorietta and Greenbelt complexes, BGC with SM Aura, Market! Market! and Bonifacio High Street. Other areas which sees a concentration of IT-BPM firms are Pasig City and Quezon City due to the presence of key retail developments, such as SM Megamall and Shang Plaza in Ortigas CBD, and Ayala Vertis North, TriNoma, and SM North EDSA in Quezon City, which are available to support the needs of employees working in nearby office developments.

This is also the case for other key business hubs outside Metro Manila such as the Cebu IT Park and Cebu Business Park in Metro Cebu, and the Damosa IT Park, Robinsons Cyberpark Davao, and Matina IT Park in Davao City. These hubs see a heavy concentration of IT-BPM firms due to the presence of nearby support developments available for the employees.

Some IT-BPM companies also lease out nearby condominiums or dormitels as part of their corporate housing program to improve employee productivity.

4.2.5 Business Environment

Another factor that IT-BPM firms give weight to when searching for sites is the business environment from both the private and government side. The Philippines has been a frontrunner in this aspect across all the nations shortlisted in Tholons' list, which can be attributed to the presence of the IBPAP, the enabling association for the IT-BPM industry which plays a fundamental role on the growth of the sector. This association advocates an investment friendly environment to existing and potential locators by serving as a one-stop-shop for information needed by the industry. IBPAP supports investors and business owners in setting up their operations in the country by providing them with relevant and up-to-date research publications, introductions to key government and industry officials, and conducting a series of briefings for a smooth and seamless investment process. Besides these, the association also works closely with the government, academe, and other key stakeholders for initiatives to ensure that the Philippine IT-BPM sector stays relevant locally and internationally. Besides the IBPAP, the presence of the Philippine Economic Zone Authority (PEZA) has also helped improving the ease of doing business in the country by implementing laws such as granting incentives mandated by Book VI of Executive Order No. 226, which covers tax treatment, exemption from local taxes and licenses, employment of foreign nationals, and the additional incentives provided in Article 39.

5.0 OFFICE MARKET OVERVIEW

Asia was considered as one of the fastest growing regions in the world due to the volume of business interest centered in the area. However, this rise was dampened in 1997 when many of these fast-growing regions faced the Asian Financial Crisis. The Philippines was one of the countries affected, ultimately resulting to 0.5% decline in GDP and the weakening of the country's macro-economic fundamentals. As a result, this also affected the growth of the different industries in the country, including the real estate sector.

In 1997, the Philippine office sector exhibited significant decline, particularly in rental levels and occupancy, which translated to massive financial losses to several property developers. Nonetheless, there were pocket of years where growth in the office stock was observed. By 2004, the office sector started to recover from the crises with rents and occupancies beginning to improve, coupled with the introduction of a large supply of quality Grade A developments completed in the year.

In 2009, the sector faced another slowdown as the global economic downturn exerted downward pressure on the market which led to a standstill on investment plans from both local and foreign entities. However, the sector quickly rebounded in 2010 and has been stable over the past year on the back of the solid demand drivers and strong economic performance that have kept the office market afloat.

The Philippine office property market has been developing, albeit unevenly, across the country, where Metro Manila serves as the primary market and centre of business activities, while the past decades saw the emergence of other business hubs such in other parts of the country, such as Metro Cebu and Davao. Some of the key business districts/areas in the country include Makati CBD, Ortigas CBD, Bonifacio Global City (BGC), Cebu Business Park, Cebu IT Park, and Downtown Davao, and Central Davao, among others.

5.1 Office Definition

The office property market in the Philippines is a mix of Prime/Grade 'A', 'B', and 'C' office buildings, as well as commercial and industrial spaces.

We, at JLL Philippines Research & Consultancy, used our proprietary scorecard model in identifying building grade status for office developments in the country.

Table 5-1. Building Grade Classification: Scorecard Parameters

Scorecard Parameters
Environment certification - WELL/LEED/BERDE
Size – Gross Leasable Area
Location
Accessibility
Amenities
Tenant Mix
PEZA Accreditation
Property Management

Source: JLL Research and Consultancy

Table 5-2. Office Building Classification in the Philippines

Classification	Definition
Prime/Grade A	Modern specification buildings with high quality finishes, which could incorporate suspended ceilings, typically located in prime locations
Grade B	Medium quality buildings in prime locations or Grade "A" standard buildings but in secondary locations.
Grade C	Basic specification or older buildings with poor quality finishes usually located in secondary locations

Source: JLL Research and Consultancy

Prime/Grade A offices are usually defined as newer developments in established business districts, characterised by high-quality materials used and superior architecture. These office buildings typically offer large floor plates, normally ranging from 1,000 sqm to 3,500 sqm, which is ideal for several types of industries particularly for the Information Technology and Business Process Management (IT-BPM) industry, one of the major drivers of demand for office space in the Philippines.

Accreditations awarded to the development, such as Philippine Economic Zone Authority (PEZA) accreditation and the Leadership in Energy and Environmental Development (LEED) and/or Building for Ecologically Responsive Design Excellence (BERDE) certifications are also considered to differentiate office buildings. As of 2020, there are 311 PEZA accredited buildings and most of them are Prime and Grade A office buildings. Along with PEZA certification, LEED and BERDE, a relatively new certification that pushed developers to differentiate their projects, emphasized the sustainability and efficiency of the developments. These certifications cover the quality of materials used, and how these all come together to improve the efficiency of the building, ultimately resulting in lower costs for the tenants, as well as boosting employee productivity and retention. As of writing, there are 359 LEED (including certification and registrations), and 26 BERDE-certified office buildings, wherein most are found in Metro Manila.

Meanwhile, Grade B and C developments are typically older office developments, which are usually found in secondary locations or periphery of various business hubs.

Other types of office developments are built-to-suit facilities and converted office spaces within shopping malls. Built-to-suit facilities are buildings built by a developer specific to the requirements of the tenant. The developer then finances the construction of the building, and the tenant, in return, leases both the land and the building from the developer who maintains ownership of the property. On the other hand, office spaces within shopping malls are also found in the Philippines, particularly malls by major developers such as SM Prime Holdings (SMPH), Ayala Land, Inc. (ALI), and Robinsons Land Corporation (RLC). These developments are usually tenanted by IT-BPM firms as they can redesign the spaces to accommodate the fit-out requirements.

Since 2010, the office property market in the Philippines has sustained positive momentum, up until the still ongoing COVID-19 pandemic which caused economic slowdown. In 2020, COVID-19 pushed the Philippine economy into a recession and brought uncertainties in the real estate market, keeping business sentiment dampened.

This sub-section discusses the current and forecasted performance of existing and upcoming Prime/Grade 'A' and Grade 'B' office developments in Metro Manila in terms of supply, demand, and rents.

5.2 Metro Manila Office Market Overview

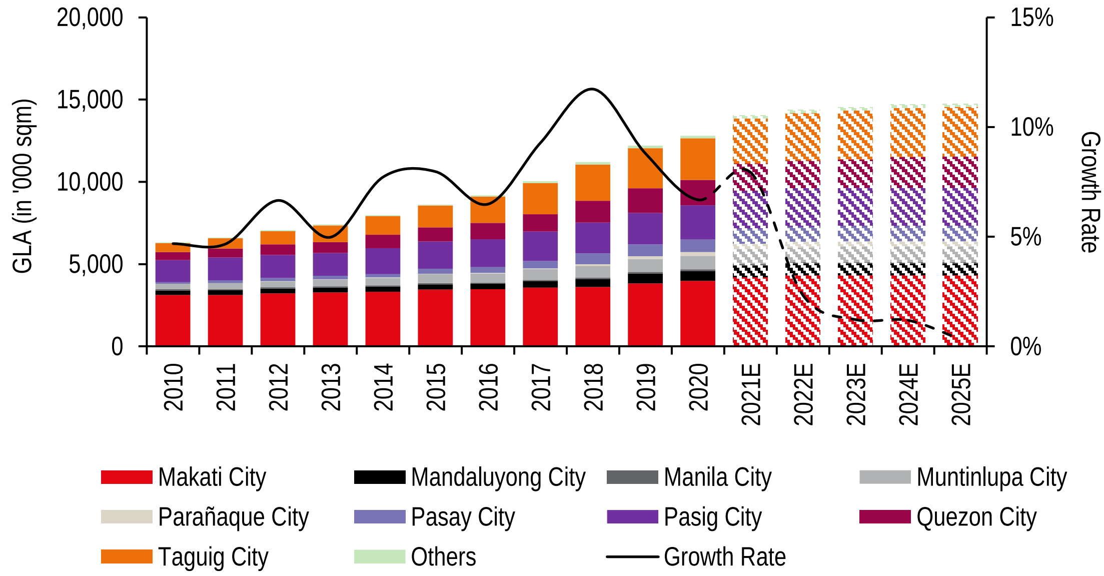
Metro Manila, the capital and most urbanized region in the Philippines, houses a wide array of real estate developments ranging from offices, retail, residential, hospitality, and industrial properties. The capital also stands as the epicenter of economic growth in the country with most business activities agglomerating within the area. Due to this, Metro Manila houses numerous business hubs with the likes of Makati CBD in Makati City, Bonifacio Global City (BGC) in Taguig City, and Ortigas CBD which is straddled by Pasig City, Mandaluyong City, and Quezon City, which usually serves as the home to various office developments. Besides the established business districts, office developments continued to emerge in the fringe areas of these key hubs such as Arca South in Taguig City, Circuit Makati in Makati City, Bridgetowne in Quezon City, and Arcovia City in Pasig City as both local and foreign investments blossomed and drove the need for more office spaces in Metro Manila.

Over the past years, the office market in Metro Manila has experienced substantial growth, driven by rising occupier interest from various industries. However, the pandemic changed the landscape, causing a slowdown in business activity in the country. Overall sentiments have been muted, if not on the negative, over the course of the year but bright spots, such as vaccine rollouts, are seen to help lift the office market and support its gradual recovery.

5.2.1 Existing Supply

Total existing office supply in Metro Manila reached 12.8 million sqm as of end-2020. For the past decade, the growth of office supply in Metro Manila has been relatively stable, recording an average annual growth rate of 7.2%. There were a few roadblocks experienced by the sector in the past couple of decades, including the Asian Financial Crisis in 1997, and the GFC in 2008 and 2009 which dampened the overall growth of the office market. However, the market was buoyed by the country’s strong macroeconomic fundamentals, coupled with the interest from foreign investors and the emergence of strong demand drivers with the likes of the IT-BPM sector. This was evident in the sustained positive performance of the sector following the GFC. Office supply peaked in 2018 and recorded an 11.7% y-o-y increase, reflecting the increased confidence of developers in the office segment, although momentum was rapidly muted in 2020 with the COVID-19 pandemic causing lockdowns mandated by the national government.

Figure 5-1. Office Cumulative Supply – Metro Manila (2010-2025E)

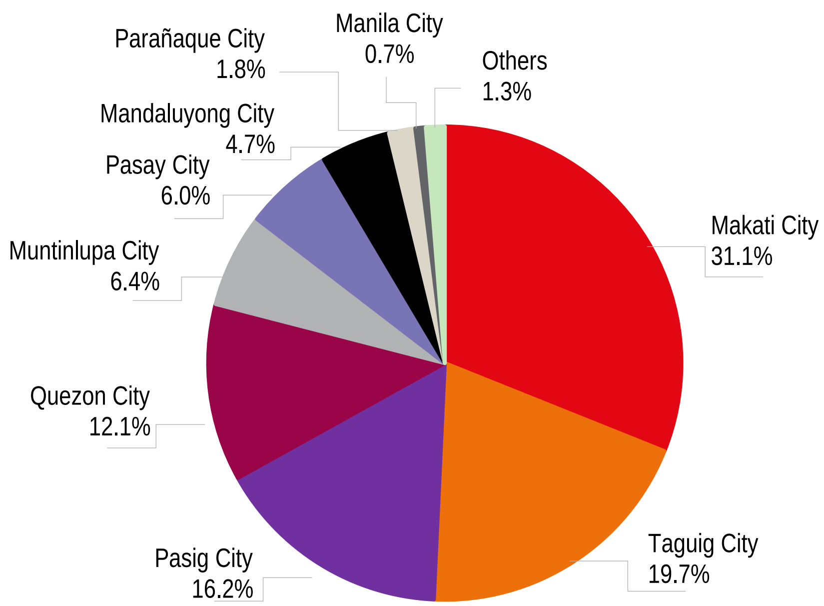


Source: JLL Research and Consultancy

In the first half of 2020, Metro Manila was placed under the enhanced community quarantine which led to the halt of construction activities which led to project delays. Only around 616,800 sqm of the approximately 1.7 million sqm intended for 2020 was completed.

Bulk of the newly completed office stock in 2020 was from the Cities of Pasig, Makati, and Taguig, accounting for 179,200 sqm, 153,600 sqm, and 86,500 sqm respectively. Notable building completions from these Cities are Exquadra Tower in Pasig City, Ayala Triangle Gardens Tower 2 in Makati City, and One Le Grand Tower in Taguig City.

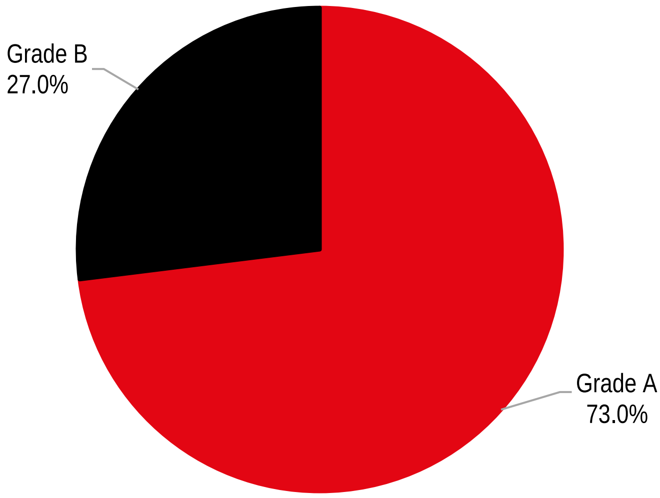
Figure 5-2. Market Share of Existing Developments - Metro Manila by District (as of 4Q20)



Source: JLL Research and Consultancy

As of end-2020, the Cities of Taguig, Makati and Pasig account for the largest market shares of the existing office stock, making up 66.9% of the total office supply in Metro Manila. The three Cities also corners most of the Prime/Grade A buildings, making up 61.5% of the total office stock in the metro. These cities are seeing the highest concentration of office developments as they house the major and oldest business hubs in the region namely the Makati CBD, Ortigas CBD, and BGC, which are the preferred destinations by most multinationals and large local firms. This may be attributed to the synergy with existing occupiers, talent attraction, good infrastructure and access, as well as presence of complementary developments.

Figure 5-3. Existing Office Development by Building Grade – Metro Manila (as of 4Q20)

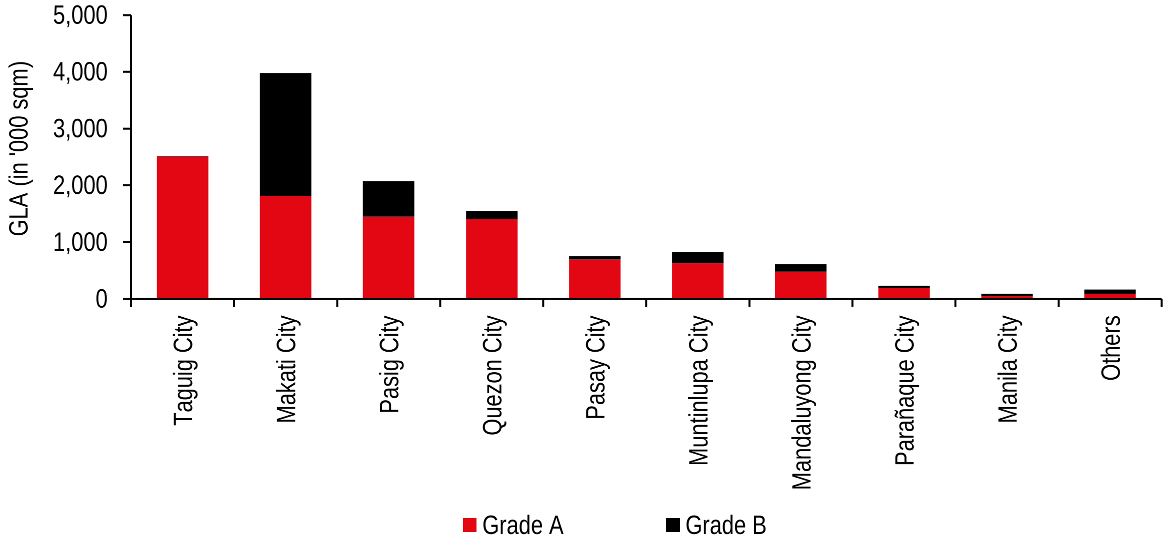


Source: JLL Research and Consultancy

Grade B developments account for 27.0% of the total existing office stock in Metro Manila and are mainly concentrated in Makati CBD and Ortigas CBD which are the oldest business hubs in the country. Over time, the demand for better quality spaces prompted the introduction of new stock in these areas as well as in other emerging business hubs. This has led to the supply expansion of Grade A offices across the metro.

We see that Taguig City accounts for the largest share of Grade A developments, making up 26.9% of the total Grade A development. Majority of these are found within the BGC, while some Grade A developments are also found in McKinley Hill. Taguig City is followed by Makati, Pasig and Quezon City, making up 19.2%, 15.6%, 15.1% of the total Grade A office development, respectively. Makati CBD sees the heaviest concentration of Prime and Grade A buildings, although high-grade buildings are also found in Circuit Makati and Rockwell Center. Meanwhile, Pasig City and Quezon City also see a significant number of Grade A developments which are mostly housed within Ortigas CBD, Eastwood City, and Vertis North.

Figure 5-5. Existing Office Development by Building Grade – Metro Manila by District (as of 4Q20)



Source: JLL Research and Consultancy

In terms of market share, we see that ALI leads all developers with a 10.5% share of total existing office stock as of end-2020. MEG follows suit accounting for 8.6% of the stock, then by SMPHI and RLC with 6.9% and 4.6% share, respectively.

Table 5-3. Top 10 Developers of Existing Office Developments in Metro Manila (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Ayala Land, Inc.	10.5%	1,351,300
2	Megaworld Corporation	8.6%	1,111,600
3	SM Prime Holdings	6.9%	889,600
4	Robinsons Land Corporation	4.6%	593,100
5	Filinvest Land, Inc.	3.9%	506,300
6	Araneta Properties	2.6%	335,100
7	DoubleDragon Properties Corp.	1.9%	239,100
8	Daiichi Properties	1.5%	199,800
9	Eton Properties	1.5%	189,900
10	Rockwell Land Corp.	1.4%	179,200

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

It's worth noting that select developers make up majority of the stock on a city-level. For example, ALI significantly dominates the developer share in Makati, Quezon City and Taguig City, where the developer has multiple mixed-use developments such as Makati CBD, UP-Ayala Technohub, Vertis North, and BGC. MEG, on the other hand, has the largest footprint in Taguig City since majority of its township developments are found in the city such as Uptown Bonifacio, McKinley Hill and McKinley West, while also maintaining a strong presence in Quezon City with its Eastwood City. Meanwhile, SMPHI dominates the Bay Area in Pasay City, specifically with its SM Mall of Asia Complex, while RLC leads the developer share in the Cities of Mandaluyong and Pasig where many of its mixed-use developments and standalone office towers are found with the likes of Robinsons Cybergate, Robinsons Equitable Tower, and the Cyberscape buildings. This is specifically evident in the Ortigas CBD where RLC is considered as the dominant office landlord[1].

Table 5-4. Top 3 Developers of Existing Office Developments – Metro Manila by District (as of 4Q20)

Rank	District/Developer	% Share	In SQM
	Makati City		
1	Ayala Land, Inc.	11.8%	469,700
2	Rizal Commercial Banking Corporation	3.5%	138,800
3	Alphaland Corporation	2.7%	108,700
	Mandaluyong City		
1	Robinsons Land Corporation	18.3%	111,000
2	Keppel Philippines Properties Incorporated	16.9%	102,700
3	Greenfield Development Corp.	11.8%	71,600
	Manila City		
1	Ayala Land, Inc.	22.5%	20,500
2	Robinsons Land Corporation	11.8%	10,800
3	Yuchengco Group of Companies	9.5%	8,700
	Muntinlupa City		
1	Filinvest Land, Inc.	43.2%	343,200
2	Ayala Land, Inc.	6.9%	54,900
3	Innoland Development Corporation	6.6%	52,600
	Paranaque City		
1	MWM Terminals Inc.	34.4%	74,200
2	Aseana Holdings	28.4%	61,200
3	Anchor Land Holdings Inc.	9.3%	20,000
	Pasay City		
1	SM Prime Holdings	44.9%	347,800
2	DoubleDragon Properties Corp.	22.6%	175,200
3	Filinvest Land, Inc.	8.3%	64,700
	Pasig City		
1	Robinsons Land Corporation	10.7%	221,600
2	Ortigas & Company	7.0%	144,700
3	Amberland Corporation	6.9%	143,500
	Quezon City		
1	Araneta Properties	20.5%	335,100
2	Ayala Land, Inc.	18.1%	296,400
3	Megaworld Corporation	18.1%	295,100
	Taguig City		
1	Megaworld Corporation	27.3%	699,600
2	Ayala Land, Inc.	17.0%	434,500

[1] RLC's 4Q 2020 investor presentation

Rank	District/Developer	% Share	In SQM
3	SM Prime Holdings	11.9%	304,500

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

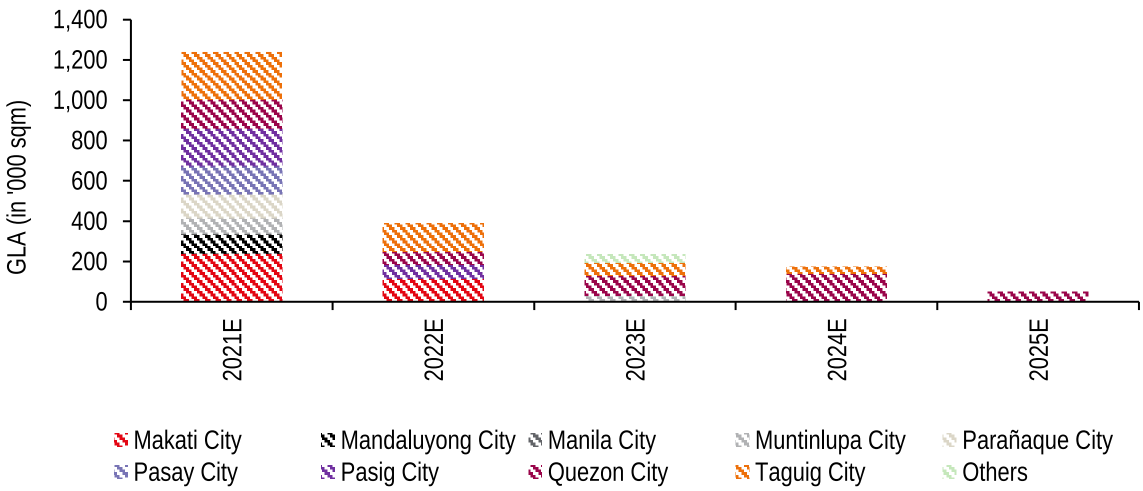
5.2.2 Future Supply

In the next five years, the Metro Manila office property market is projected to have an additional 2.1 million sqm of new supply, bringing the total office stock in Metro Manila to 14.8 million sqm by end-2025.

The strict quarantine protocols in the first half of 2020, led to project delays which resulted to slippages of some supply to 2021 and 2022. Around 47.5% of the projected 1.2 million sqm new supply in 2020 spilled over to 2021, pushing another peak should construction remain on schedule.

New office supply in Metro Manila is observed to post a significant drop beginning 2022 as developers deferred the launch of new projects given the uncertainty in the market. Introduction of new supply may likely pick up once vaccines have been rolled out and business and consumer sentiments regain momentum. The lower expected incoming stock may also be partly attributed to the rising land values and gradually declining available developable land in the metro. In addition, developers are also expanding their footprints outside the metro in line with the government's push to decentralize the region.

Figure 5-4. Annual Upcoming Office Supply – Metro Manila (2021E-2025E)

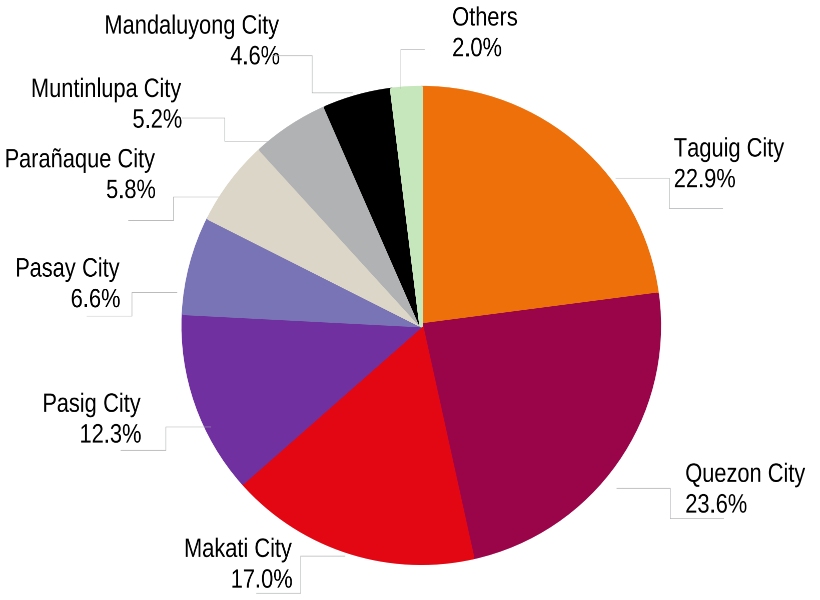


Source: JLL Research and Consultancy

The Cities of Taguig, Quezon, Makati and Pasig are expected to house most of the upcoming supply, accounting for 79.0% of the total future stock. Majority of the upcoming stock are within or in proximity of the business hubs where business interest remained concentrated. The opposite is true in Taguig City, where most of the upcoming stock is housed in Arca South, an upcoming township development by ALI which is located in the fringe area of the city. Meanwhile, bulk of the upcoming office supply in Quezon City are office towers anchored to shopping malls like the upcoming Towers 3, 4 and 5 in SM North EDSA and some additional buildings in Bridgetowne such as the two center of GBF and Campus One by RLC.

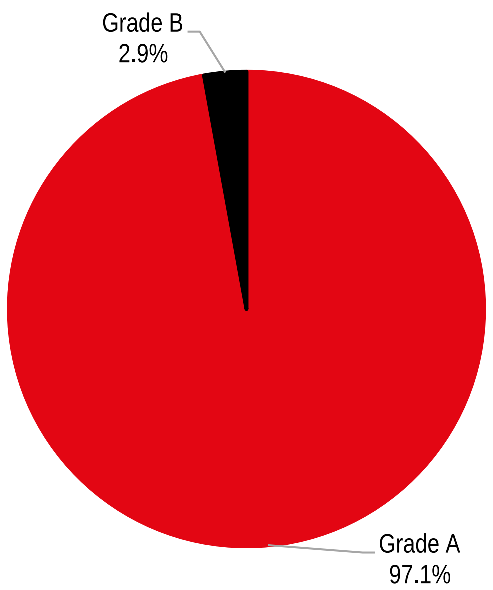
Similar to existing stock, these same Cities also host most of the upcoming Grade A developments, accounting for 75.8% of the total. Most of the upcoming high-grade quality buildings are still located in the Cities housing key business districts such as Taguig City (24.8%), Makati City (17.2%), Quezon City (20.5%) and Pasig City (13.3%).

Figure 5-5. Market Share of Upcoming Developments – Metro Manila by District (as of 4Q20)



Source: JLL Research and Consultancy

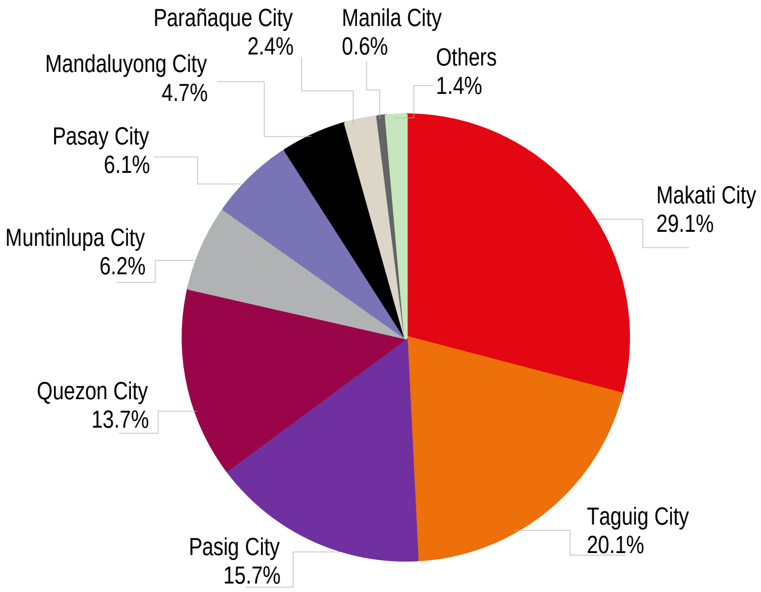
Figure 5-6. Upcoming Office Development by Building Grade – Metro Manila (as of 4Q20)



Source: JLL Research and Consultancy

By end-2025, majority of the office stock are expected to be concentrated within the Cities of Makati, Taguig, Pasig and Quezon given the redevelopment of established business districts and continued development of newer ones in the same areas.

Figure 5-7. Market Share of Office Developments – Metro Manila by District (end of 2025E)



Source: JLL Research and Consultancy

In terms of developers, ALI continues to expand its office portfolio, holding approximately 21.4% of the total future projects that are pegged for completion between 2021 and 2025. Most the upcoming projects of ALI are in Taguig City, specifically within its upcoming township named Arca South, housing 50.3% of the office pipeline of the developer. Some of the notable developments in the township includes the six towers in the Arca South Corporate Center, and the Tryne Enterprise Plaza. SMPHI and FLI are also building their office portfolio in the metro, accounting for 17.9% and 11.8% of the total upcoming supply, respectively. SMPHI is expected to expand their office portfolio in the Bay Area with the upcoming SM Four E-Com and SM Six E-Com. Besides this, the developer is also seen to expand their footprint in Mandaluyong City with SM Megamall Mega Tower, and in Quezon City with the upcoming office towers within the SM North EDSA and SM Fairview complexes. FLI is also continuously increasing their footprint in Muntinlupa City more office towers in its Filinvest Axis Complex, and Block 50 Tower One. Meanwhile, RLC is continuously expanding their office portfolio in their Bridgetowne community.

Table 5-5. Top 10 Developers of Upcoming Office Developments in Metro Manila (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Ayala Land, Inc.	21.4%	447,400
2	SM Prime Holdings	17.9%	374,600
3	Filinvest Land, Inc.	11.8%	247,000
4	Megaworld Corporation	6.6%	138,300
5	Robinsons Land Corporation	6.3%	132,700
6	DataLand, Inc.	4.6%	97,300
7	Amberland Corporation	4.5%	94,000
8	Aseana Holdings	3.2%	68,000

Rank	Developer	% Share	In SQM
9	Greenasia Development Resources	3.2%	67,800
10	Innoland Development Corporation	2.8%	59,300

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

Table 5-6. Top 3 Developers of Upcoming Office Developments- Metro Manila by District (as of 4Q20)

Rank	District/Developer	% Share	In SQM
	Makati City		
1	Ayala Land, Inc.	59.4%	210,200
2	Innoland Development Corporation	16.8%	59,300
3	Baring Private Equity Asia	15.8%	56,000
	Mandaluyong City		
1	SM Prime Holdings	100%	95,800
	Muntinlupa City		
1	Filinvest Land, Inc.	100%	108,400
	Paranaque City		
1	Aseana Holdings	50.0%	68,000
2	Sinocan Realty Corporation	12.2%	16,600
3	Jiaxing International Trading and Real Estate Corp.	11.2%	15,200
	Pasay City		
1	SM Prime Holdings	87.1%	120,300
2	Golden Bay Properties	12.9%	17,900
	Pasig City		
1	Amberland Corporation	36.6%	94,000
2	Greenasia Development Resources	26.4%	67,800
3	Filinvest Land, Inc.	15.5%	39,700
	Quezon City		
1	SM Prime Holdings	30.1%	158,500
2	Robinsons Land Corporation	25.2%	132,700
3	DataLand, Inc.	18.4%	97,300
	Taguig City		
1	Ayala Land, Inc.	45.0%	197,300
2	Megaworld Corporation	31.5%	138,300
3	Daiichi Properties	10.2%	44,800

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

By end-2025, ALI is seen to hold most of the office development in the office market in the metro, accounting for 12.0% of the total office stock. By then, SMPHI is seen to surpass MEG in terms of market share due to its additional developments in Pasay City, as well as other office towers anchored on their retail developments in Quezon City and Mandaluyong City. Other developers that is seen to lead the market in the next five years would be FLI and RLC, accounting for 5.0% and 4.8% of the total Metro Manila office market by 2025.

Table 5-7. Top 10 Developers of Upcoming Office Developments in Metro Manila (by end of 2025E)

Rank	Developer	% Share	In SQM
1	Ayala Land, Inc.	12.0%	1,813,700
2	SM Prime Holdings	8.5%	1,276,700
3	Megaworld Corporation	8.3%	1,249,900
4	Filinvest Land, Inc.	5.0%	753,300
5	Robinsons Land Corporation	4.8%	725,700
6	Araneta Properties	2.2%	335,100
7	Daiichi Properties	1.6%	244,600
8	DoubleDragon Properties Corp.	1.6%	239,100
9	Amberland Corporation	1.6%	237,500
10	Eton Properties	1.5%	225,200

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

5.2.3 Net Absorption

Net absorption in Metro Manila has been relatively stable, registering an annual average 585,000 sqm in the past nine years. Solid take-up from the IT-BPM led to the significant net absorption of around 922,900 sqm in 2016. Sustained demand from IT-BPM firms and the rapid expansion of gaming operators drove the strong net absorption in 2018 which was recorded at 1.0 million sqm.

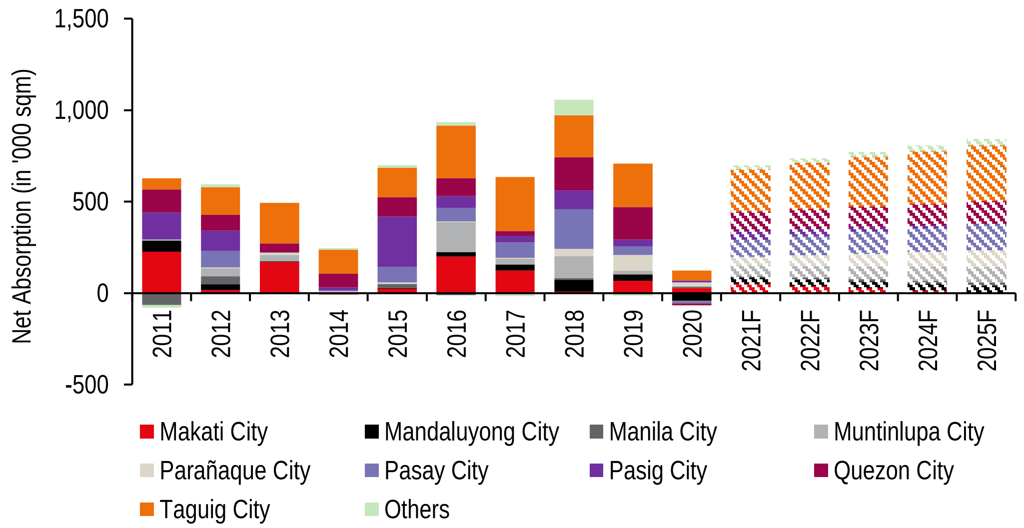
A sporadic movement was observed when looking at net absorption by district due to difference of the key demand profiles driving the market in each city. During the earlier parts of the decade, Makati City, Pasig City and Quezon City recorded the highest net absorption due to the presence of notable business hubs in these areas, as well as the active IT-BPM market then which have originally flocked into these districts. These Cities have maintained a relatively stable net absorption throughout the years, with peaks recorded in certain periods such as 2014 for Pasig City due to activities from IT-BPMs, while 2018 for Quezon City on the back of activities coming from POGOs. Several business districts have also driven the growth of the Cities in these years, such as the rise of activities within the Vertis North and Bridgetowne complex in Quezon City in 2018, as well as the introduction of the Silver City buildings and Estancia office buildings in Pasig City in 2014. The growth of both cities were also influenced by the accelerating office market in Ortigas CBD which is located within the joint boundaries of Pasig City, Quezon City and Mandaluyong City. Meanwhile, Makati City recorded solid absorption rates in the early 2000s until 2011 given the preference of locators for Makati CBD. The city registered a slight decline in net absorption from 2012 to 2015 on the back of flight to quality towards emerging business hubs, particularly Bonifacio Global City (BGC). Despite this, Makati City, specifically Makati CBD, still maintained to be one of the key and most important business hubs in Metro Manila with absorption averaging at 85,340 sqm per annum from 2015-2020.

Taguig City, specifically BGC, initially benefited from the spill over of demand from Makati CBD given its close proximity to the city and lack of new supply from the latter due to limited land for development and rising land values. As the city gained more prominence, we saw more occupiers move into new office developments with relatively cheaper rents in Taguig City. We also saw the rise of multiple business districts in the area such as the McKinley Hill complex which introduced more office buildings in the city, coupled with the still bustling construction activities in BGC. Over time, more headquarters of MNCs and financial firms have set up their shops in the district, these include Philamlife, P&G, and Citibank, among others. Taguig City has maintained a relatively stable net absorption until 2019 due to the continued business interest in the area.

Meanwhile, Pasay City and Parañaque City originally experienced minimal net absorption in 2010 to 2017 due to the relatively subdued interest in the area. However, this quickly improved in 2018 due to the entrance of POGO firms in these Cities which have driven net absorptions to their peaks.

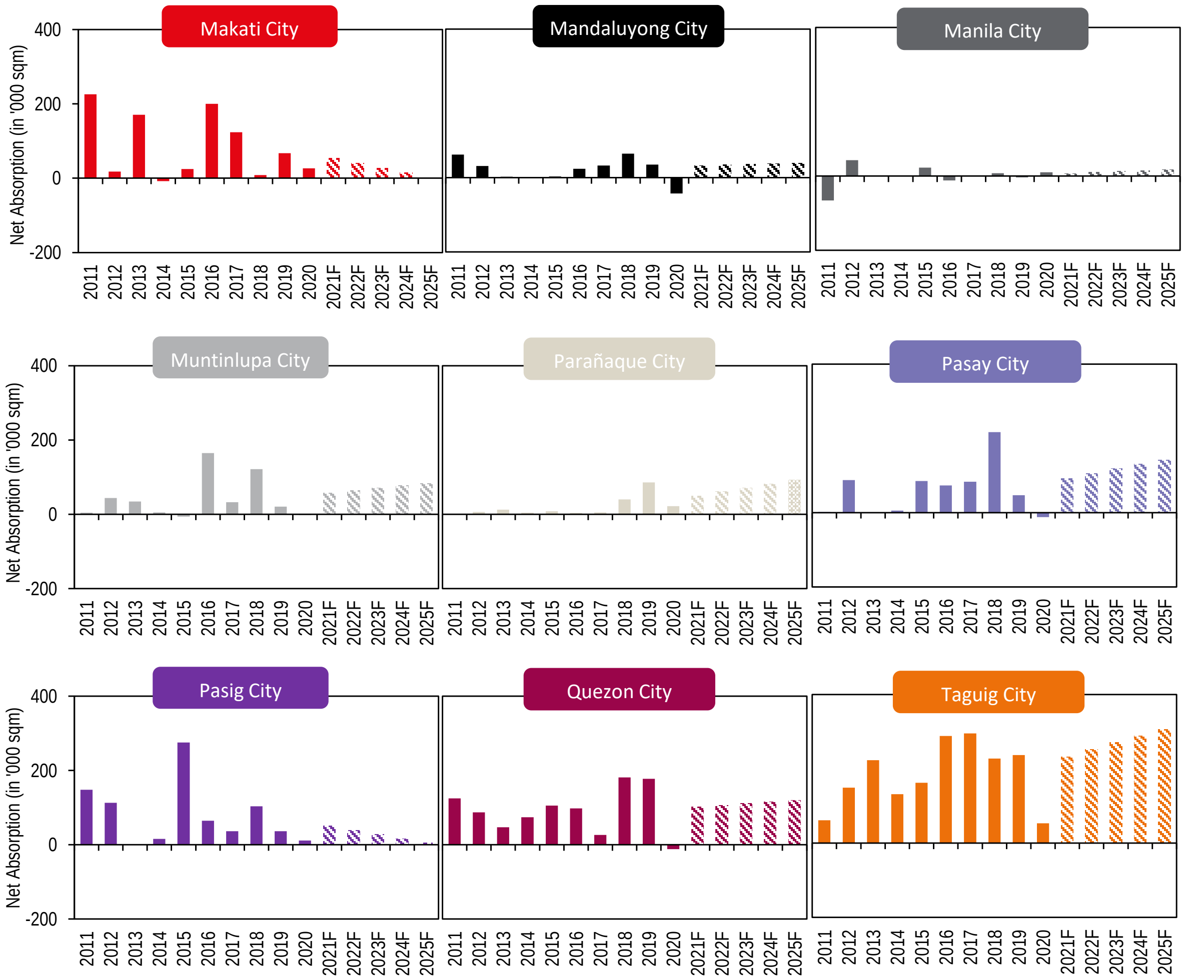
In 2020, total net absorption in Metro Manila stood at 54,101 sqm, down by 92.2% y-o-y, the lowest take up recorded in the past 10 years. All districts registered truncated absorption as the pandemic led to the slowdown of office transactions. This sluggish leasing activity was accompanied by downsizing and lease terminations from IT-BPM firms and POGO operators. Weak business environment combined with cost pressure to maintain margins led to the rationalization of spaces by IT-BPM occupiers while the tax concerns contributed to the flight of some POGO operators from the country. Declines in net absorption were more evident in the Cities where POGOs are heavily concentrated such as Mandaluyong City (- 42,300 sqm), Pasay City (-11,900 sqm), Quezon City (-11, 500 sqm) and Muntinlupa City (- 1,800 sqm). Conversely, the Cities of Taguig (53,400 sqm) and Makati (26,500 sqm) managed to record positive net absorption with some lease transactions from IT-BPM firms pushing through.

Figure 5-8. Historical and Forecasted Net Absorption – Metro Manila (2011-2025F)



Source: JLL Research and Consultancy

Figure 5-9. Historical and Forecasted Net Absorption – Metro Manila by District (2011-2025F)



Source: JLL Research and Consultancy

We forecast net absorption to improve over the next five years as we expect gradual recovery in office demand. This is mainly driven by anticipated improved global and local business sentiment owing to the vaccine rollout in 2021 that may lead to renewed demand from occupiers. Our forecast net absorption is lower than pre-COVID levels as future office views remain mixed. Office demand recovery may be uneven across industries and organizations where approaches may range from full or partial remote work or hybrid work arrangements. Altogether, these views are expected to influence future office take up.

Overall, positive net absorption is projected in all cities within Metro Manila from 2021 to 2025, although higher figures were recorded for Taguig City, Pasay City and Quezon City at 270,380 sqm, 117,620 sqm and 111,260 sqm average per annum, respectively. A sustained positive net absorption per annum is also forecasted in other cities such as Paranaque City (70,920 sqm), Muntinlupa City (70,680 sqm), Mandaluyong City (36,140 sqm), Pasig City (27,960 sqm), Makati City (27,820 sqm), and Manila City (12,480 sqm) over the next five years.

5.2.3.1. Vacancy Rate

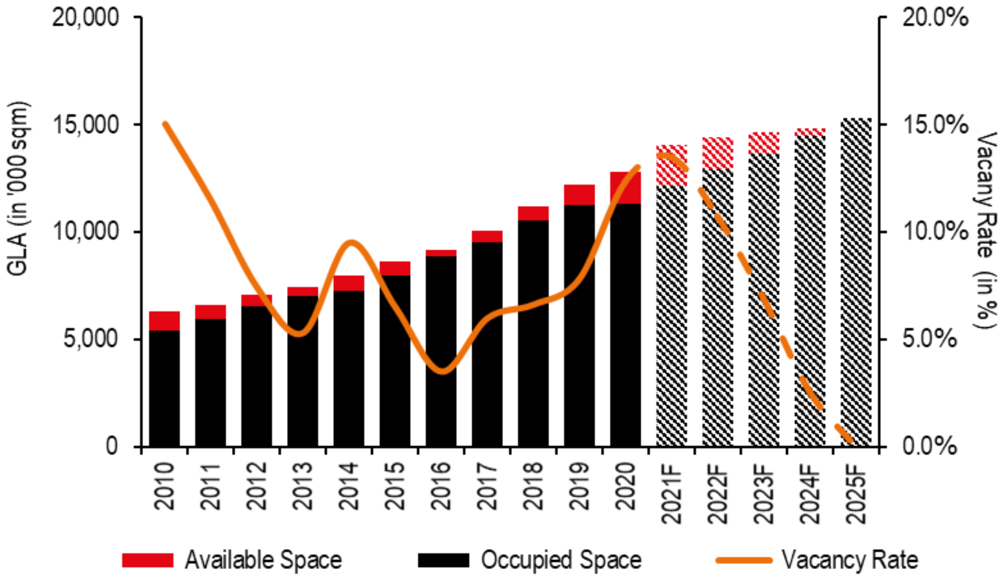
The Philippine office market experienced a slowdown in the 2009 GFC where rental and occupancy levels declined due to weak business activity. The sector experienced a rebound with the improvement of vacancy from 11.5% in 2010 to 5.3% in 2013. The recovery of the office sector was mainly driven by the strong demand coming from the IT-BPM industry, specifically in key Cities. This was also underpinned by the positive economic performance that brought strong inflows of local and foreign investments which led to an uptick in office demand. Developers capitalized on this growth momentum with continued launch and construction of new office buildings.

The significant supply expansion in 2014 pushed overall vacancy rate upwards but sustained demand from the IT-BPM industry helped manage vacancy levels thereafter where it recorded a low of 3.5% in 2016. The following year saw continued supply influx which was outpacing demand as the global and local IT-BPM sector began posting slower growth due to various factors as technology adoption, cost pressure, and regulatory environment, among others. This slight slowdown from the IT-BPM coincided with the emergence of POGO firms that helped buoy the office market in recent years.

The POGO sector generated comparable office demand as IT-BPM firms where they had immediate and sizeable space requirements of multiple office floors or whole building. This led to significant office take-up within and outside the metro, helping stabilize vacancy rates from 2017 to 2019.

Looking at vacancy rate on a by district level, we see several Cities recording relatively stable vacancy rates in the past decade, with incremental movements recorded per year, despite a yearly increase on supply. These would be Makati City and Taguig City which benefitted from a steady inflow of business interest on the back of being recognized as the premier business hubs in the metro. Meanwhile, other Cities saw vacancy rates fluctuating across the decade as new supply outpaced demand in some years. For instance, vacancy rates in Pasig City have been sporadic from 2010 to 2014 before stabilizing at 2015 onwards as certain years have recorded a notable uptick in supply which took time to be absorbed by the market. Quezon City, on the other hand, has been generally stable from 2010 to 2017 before recording an increase in 2018, driven by additional supply from the Vertis North and Bridgetowne Complex which were not absorbed entirely by the market, even with the entrance of POGOs in the area. Vacancy rates were still elevated in the district until 2019, especially with the slowdown of activities coming from POGOs. Other POGO driven areas such as Pasay City and Parañaque City recorded relatively high and sporadic vacancy rates from 2010 to 2016 before stabilizing into a better performance from 2017 to 2019 when POGOs had the peak of their activities.

Figure 5-10. Historical and Forecasted Vacancy Rate for Metro Manila (2010-2025F)



Source: JLL Research and Consultancy

The steady performance of the office sector was dulled in 2020 due to the pandemic where businesses closed down or downsized which led to the increase in vacancy rates across the country. As of end-2020, average vacancy rate of existing office developments in Metro Manila was estimated at 12.4%, a 454-bps increase y-o-y. In the first half of 2020, the Philippine government placed Metro Manila under strict quarantine measures to lessen the movement of the people and effectively, the spread of the virus. This prompted companies to shift to remote working and/or employ a skeletal workforce reporting in the office. Companies from different types of industries also re-evaluated their current spaces and expenses which led them to downsize their current offices, or completely move-out.

Notable movements are mostly from the top demand drivers in the metro. POGOs, which has been one of the leading demand sources for the office market in the country, also faced tax issues in 2020 which caused some firms to halt their operations. Move-outs from POGOs left large spaces in the Metro unoccupied, further elevating the vacancy rate recorded for the region. Some IT-BPM firms, on the other hand, downsized their existing spaces in select office developments as they rationalize costs. Easing the quarantine restrictions in the second half of 2020 did not affect the elevated vacancy rate, as offices in Metro Manila continued to be underutilized with remote work arrangements still maintained for most companies until the tail-end of the year.

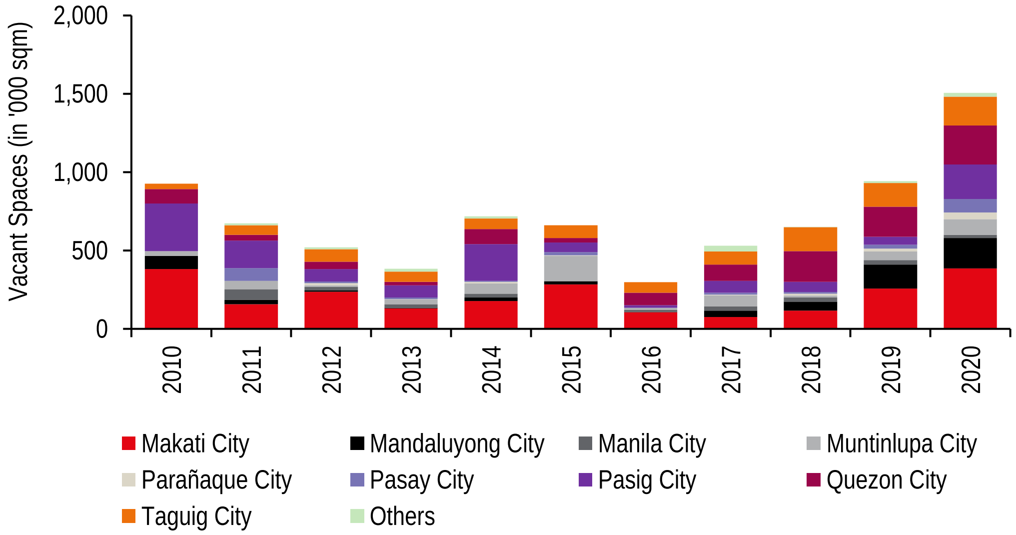
Majority of the move-outs seen were coming from POGO operators, contributing the largest vacated space. Most of the affected Cities were areas where POGOs are widely concentrated in, specifically the Cities of Pasig, Pasay, and Parañaque, which saw vacant spaces doubling from the figure recorded in 2019. As of end-2020, Pasig City recorded 219,108 sqm available space, up by 328.0% y-o-y. Meanwhile Pasay has 85,554 sqm vacant space, up by 242.2% y-o-y, while Parañaque has 147.5% y-o-y increased in vacant space amounting to 44,109 sqm.

Aside from POGOs, IT-BPM firms also contributed to the increase in vacancy in Metro Manila, albeit to a lesser degree, as some sticky tenant did not leave their spaces. This was more felt in the key business districts like Makati CBD and Ortigas CBD where these types of firms are largely concentrated.

Besides the move-outs of some traditional firms and POGOs, the new supply was also a factor for the surge in available space, whereas 205,500 sqm was added in 4Q20 supply. Although this figure is relatively smaller compared to previous years, the lack of business activities in 2020 left some of these developments largely unoccupied with minimal take-ups, further contributing to the upsurge of vacant spaces.

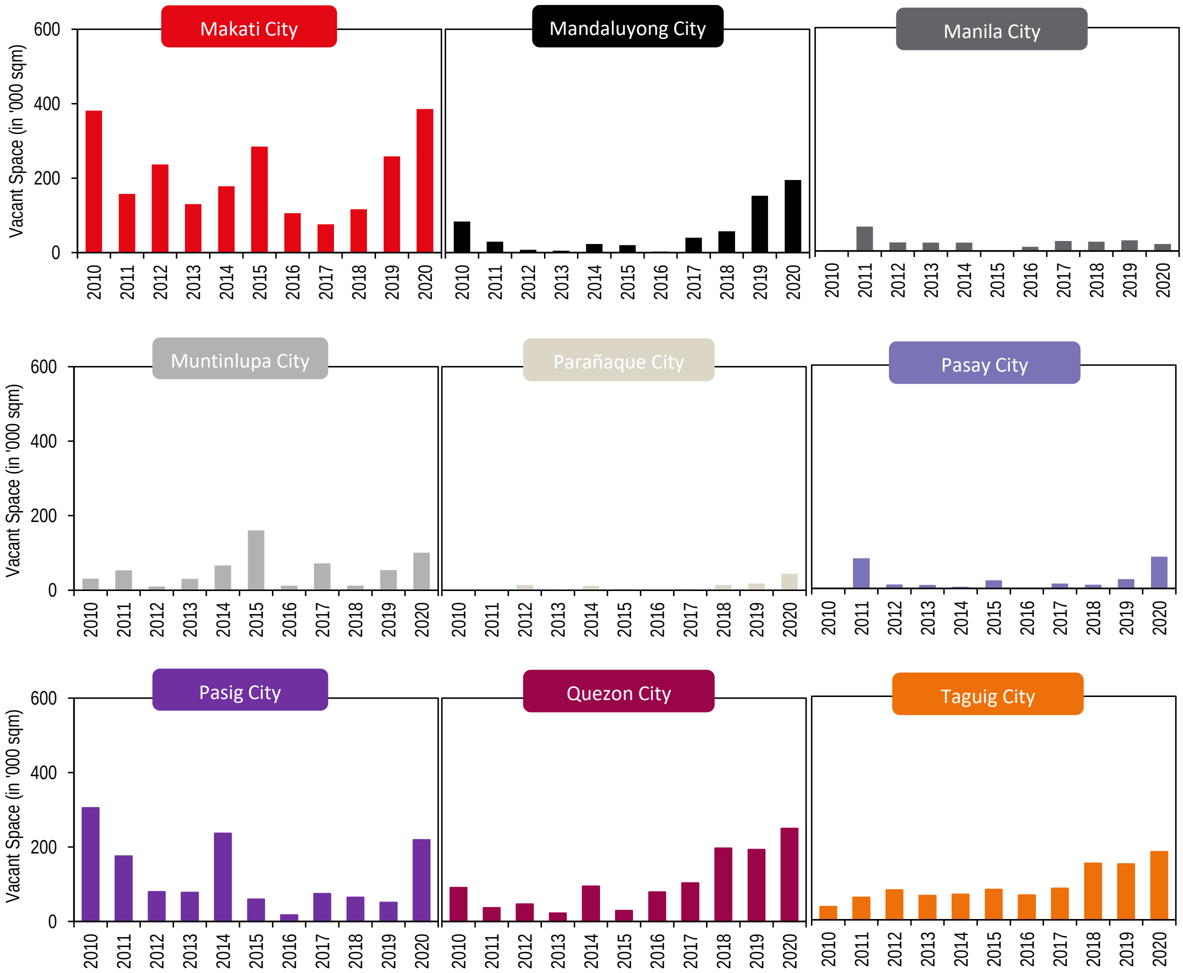
Nonetheless, we see improvements for vacancy rate in the next five years as we expect gradual recovery in office demand due to improved business sentiments given vaccine rollout in 2021. We caveat, however, that the lack of announced or launched projects that are targeted to complete within the next 5 years and forecasts on net absorption are influencing the tail-end of the vacancy projections where we see demand outpacing supply by 2025. It is worthy to note that about 150,000 sqm of leasable office space are in the pipeline with no specified completion dates which would likely influence the forecasts on vacancy once their schedules have been finalized.

Figure 5-11. Historical Vacant Space – Metro Manila (2010-2020)



Source: JLL Research and Consultancy

Figure 5-12. Historical Vacant Spaces – Metro Manila by District (2010-2020)



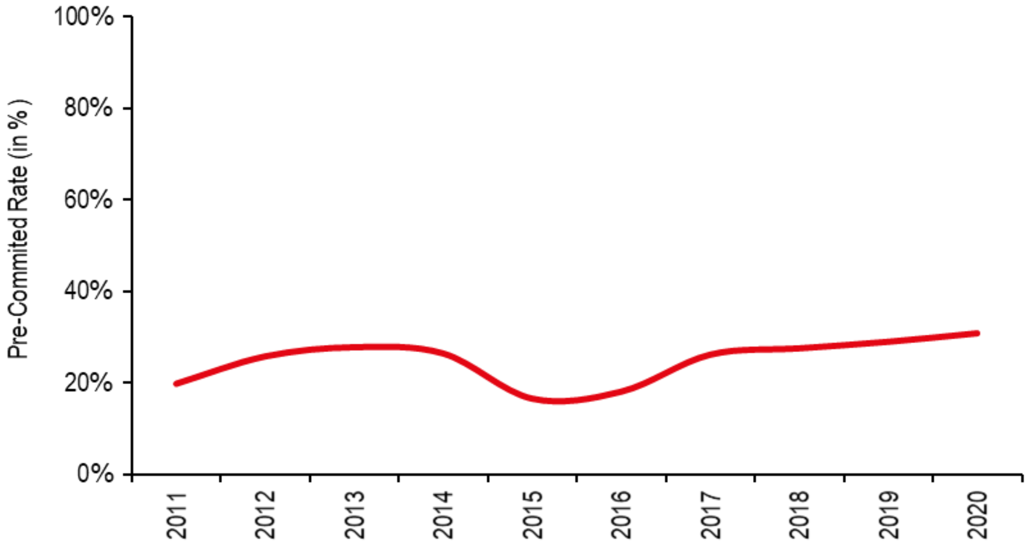
Source: JLL Research and Consultancy

5.2.3.2. Pre-commitment Rate[2]

The pre-commitment performance in Metro Manila has been stable from 2010 to 2014, hovering between 20% and 28%, before declining in 2015 when take up of future office space reached 16.5% on the back of sizeable upcoming supply that outpaced demand. Pre-commitment levels recovered in 2016 and reached a high of 29% in 2019 despite influx of new supply. This steady rise of pre-commitment rates between 2016 and 2019 were driven by the solid take up by IT-BPMs and traditional occupiers.

[2] Pre-commitment rate refers to the percentage of the upcoming stock that has been leased prior its completion. This takes into consideration all upcoming developments that has been announced and opened to the market during that year.

Figure 5-13. Historical Annual Pre-commitment Rate – Metro Manila (as of 4Q20)

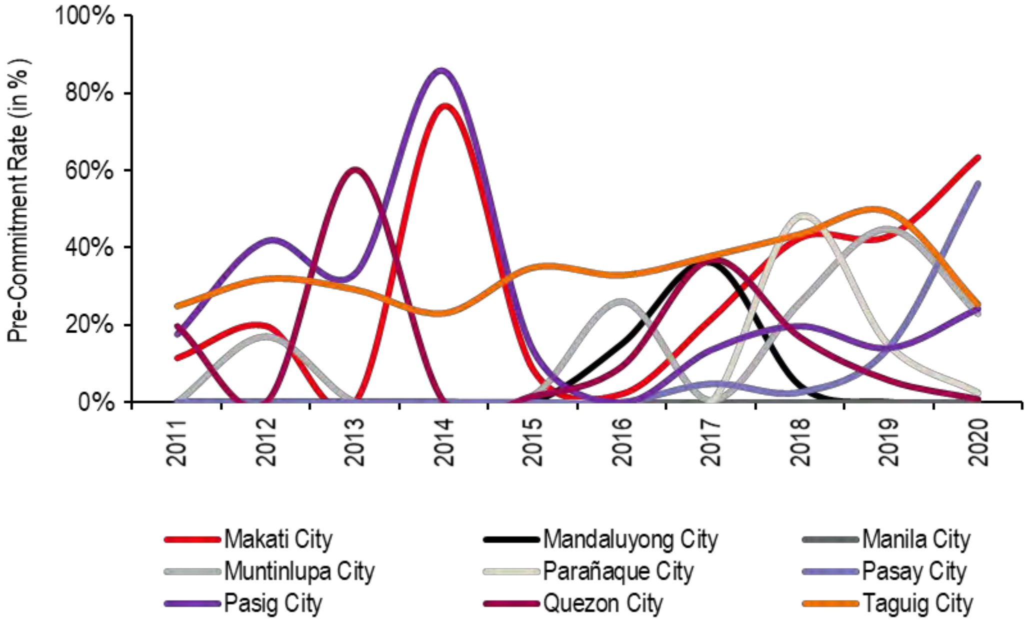


Source: JLL Research and Consultancy

As of 2020, overall pre-commitment level in Metro Manila stood at 30.8%, mainly buoyed by transactions in the first few months of the year. Makati City and Taguig City account for 43.4% and 23.4% of pre-committed space, respectively. Some of the buildings in the pipeline with notable take-up are the two towers in One Ayala, the International Finance Center, Worldwide Plaza, and Savya Financial North Tower.

Meanwhile, Pasay City and Pasig City also saw a good volume of pre-committed spaces as they account for 15.1% and 12.1% of the leased upcoming supply, respectively. Notable upcoming developments with sizeable take-up in these Cities include the Glas Tower, NX Tower 1, and One Filinvest, among others. Lastly, Quezon City and Parañaque City recorded the lowest pre-commitment rates, as both account for only 0.6% of the leased upcoming stock.

Figure 5-14. Historical Annual Pre-commitment Rate – Metro Manila by District (as of 4Q20)

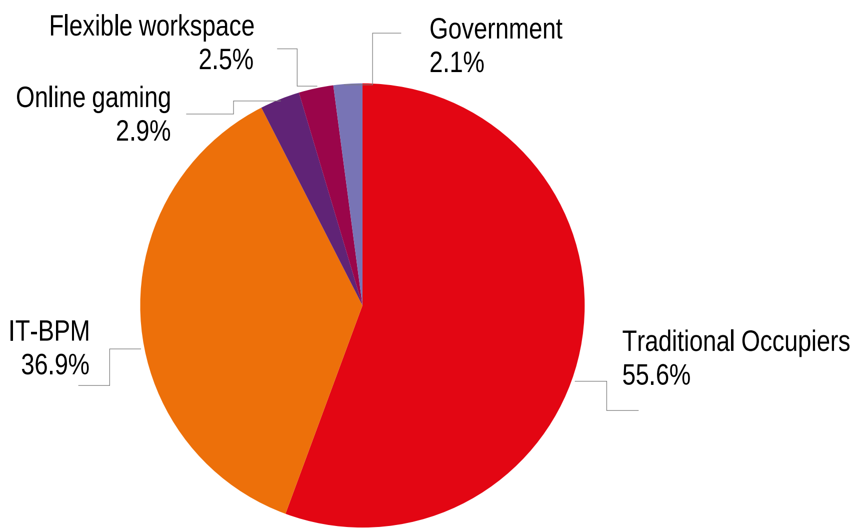


- Source: JLL Research and Consultancy

5.2.3.3. Demand Profile

Office spaces in Metro Manila are mostly occupied by traditional occupiers (55.6%) and IT-BPM firms (36.9%). Other demand sources would be POGOs and flexible workspaces which account for 2.9% and 2.5% of the occupied stock, respectively.

Figure 5-15. Tenant Mix in Metro Manila (as of 4Q20)



Note: Covers a basket of Prime, Grade A, and Grade B developments
Source: JLL Research and Consultancy

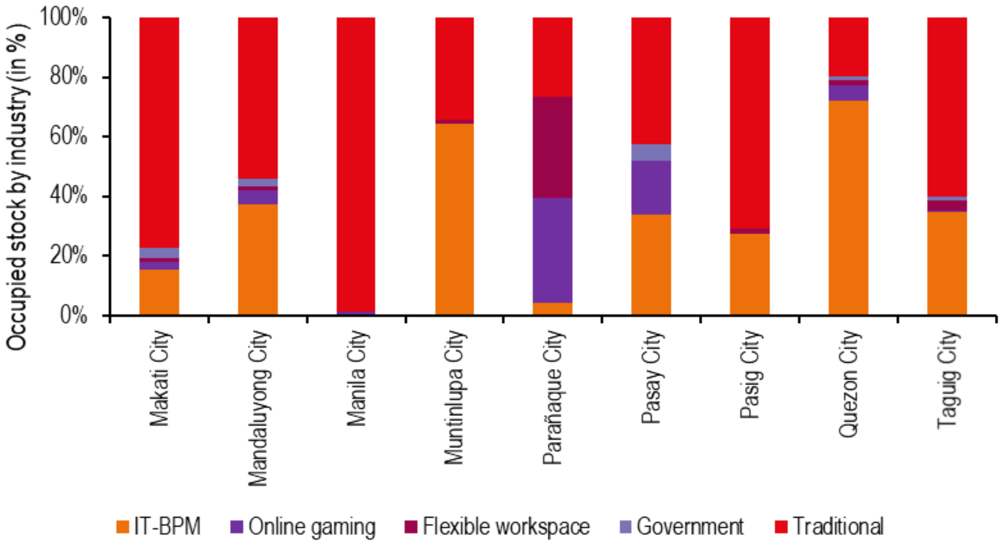
The IT-BPM has been one of the key drivers of the Philippines' economy over the past years, as the country is considered one of the hotbeds for outsourcing firms. Notable IT-BPM firms found in Metro

Manila include Accenture, Google Inc, Teleperformance, UnitedHealth Group Global Services, Inc., and Convergys Philippines, among others. As of 2020, 36.9% of the current stock were occupied by IT-BPM companies, wherein majority of these firms are found in Taguig and Makati City, home of the country's premiere business districts — Makati CBD and BGC. Other than these areas, Quezon City also sees a heavy participation of the IT-BPM industry in its office spaces, occupying 72.2% of the total leased stock in the City. This is due to the presence of several business hubs within the city given the concentration of talent due to it being the most populous city in the metro.

Significant office space take-up from the online gaming firms was observed from 2017 to 2019. However, recent tax issues and the pandemic weighed down on the performance of the sector where select operators opted to leave the country. As of 2020, an estimated 2.9% of the occupied space in Metro Manila are by POGOs. These firms have strong footprints in Pasay City, Parañaque City and Pasig City, as well as notable presence in Makati City and Quezon City.

Flexible workspaces also have a notable presence in the Metro Manila office landscape. These facilities are "plug-and-play" spaces which were built to cater to smaller occupiers, typically start-ups, small corporates, or interim spaces for larger firms. Flexible workspaces are either identified as serviced offices or co-working spaces. Serviced offices are fully fitted areas, equipped with furniture and other moveables, as well as other necessities such as internet connectivity and an air-conditioning system, among others. Co-working spaces, on the other hand, have a more open environment which makes them conducive for collaborations. The introduction of flexible workspaces in the country are through serviced offices, way back 1990s, while co-working is a relatively new industry which started gaining traction in the past decade. In 2020, the industry occupied 397,000 sqm of the total leasable office space available in the metro, most of it are concentrated within the Cities of Taguig and Makati. Key players in the flexible workspace field would include Regus, KMC Solutions, ClockIn, and WeWork, and Compass, among others.

Figure 5-16. Tenant Mix in Metro Manila by District (as of 4Q20)



Note: Covers a basket of Prime, Grade A, and Grade B developments
Source: JLL Research and Consultancy

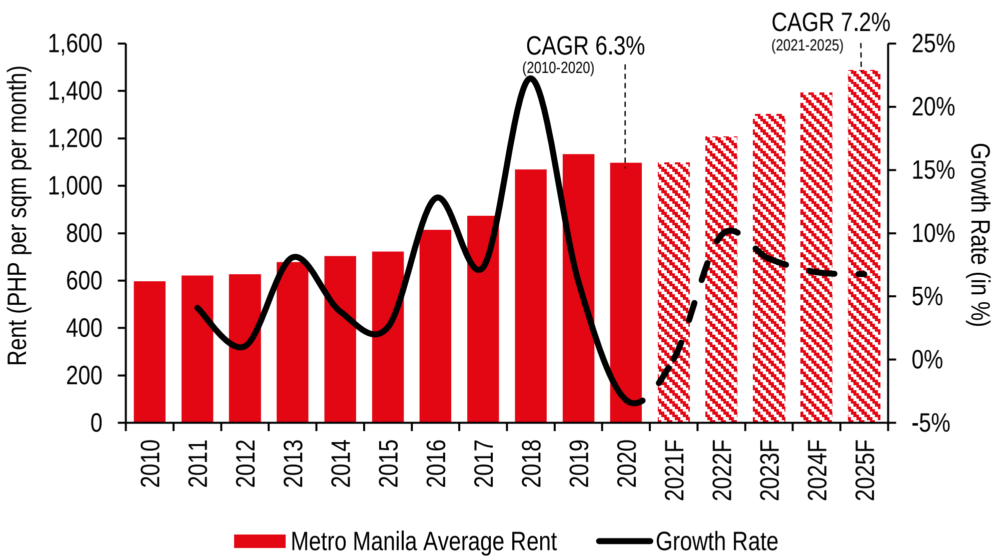
5.2.4 Rents

Metro Manila's historical rental performance has been relatively stable over the past decade with an average annual growth rate of 6.5%. Average rents have recorded incremental growth from 2010 to 2015 as the market steadily recovered from the impact of the GFC. A notable uptick was seen in 2016 wherein average rents grew by 12.8% y-o-y, driven by the increased business activities in Metro Manila coming from major demand sources such as IT-BPM companies. This has pulled down vacancy rates and left the metro with limited available spaces for lease, thus giving landlords the confidence to push rents higher. Given the continuously improving office market in the metro, rents still grew from 2017 and recorded its fastest growth in 2018 where rent increased by 22.3% y-o-y, mainly due to the emergence of the POGO sector. The sector served as a new key demand driver in recent years with sizeable space requirements comparable to IT-BPM firms. This has led to the increase in office take-up in various districts and pushed asking rentals upwards. Moreover, POGO leases were generally transacted at a rental premium which have led to the higher market rents over the same period.

The year 2020 saw a decline in Metro Manila office rents due to increase in vacancy levels owing to muted business activities brought by the pandemic. Occupier expansion and investment plans were put on hold as some tenants downsized their office space, opted to not renew their lease or pre-terminated. This left a number of vacant spaces in both existing and upcoming buildings which led to the softening of rentals.

Metro Manila office rents recorded a positive growth in the early months of 1Q20 followed by two quarters of flat growth before declining in 4Q20. Landlords have generally kept their asking rents steady and have been selective in applying discounts or rent concessions, treating lease negotiations on a case-to-case basis. As of end-2020, overall average asking rent in Metro Manila amounted to PHP 1,098 per sqm per month, declining by -3.2% y-o-y.

Figure 5-17. Weighted Average Asking Office Rent – Metro Manila (2010-2025F)



Source: JLL Research and Consultancy

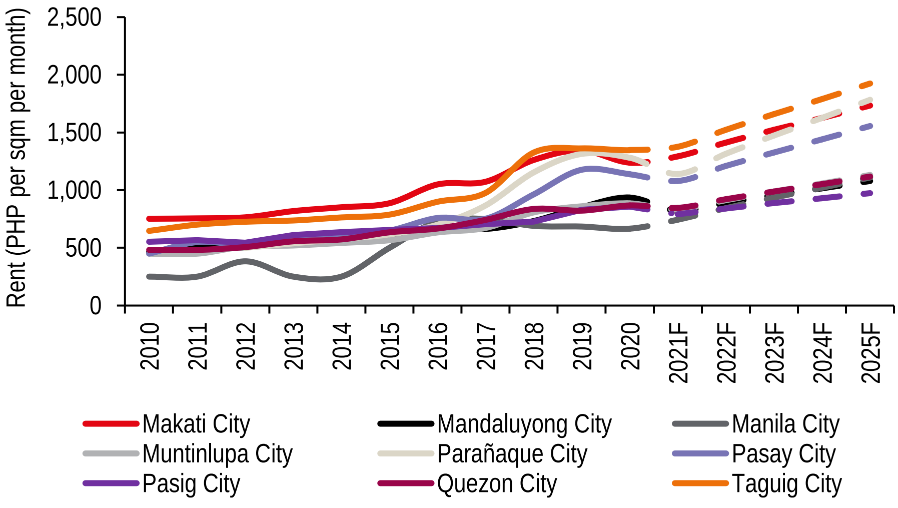
Rents in the key business districts of Makati City and Taguig City have continuously grown over the past decade, backed by a strong demand from key office drivers specifically MNCs and IT-BPMs, as well as the introduction of more higher-grade developments in these areas. Some Cities, specifically Pasay City and Parañaque City, recorded notable upticks in average rents from 2017 to 2019 as the entrance of POGO firms pushed rents upwards. Meanwhile, other areas have also maintained a relatively stable growth on rents as business activities continue to improve.

On a per district level, Manila City recorded the lowest average rent at PHP 660 sqm per month, declining by -2.8% y-o-y, while Taguig City has the highest average rent pegged at PHP 1,347 sqm per month, albeit contracting incrementally by -1.2% y-o-y, driven by the heavy concentration of Grade A office developments within the key business districts in the city.

Although most asking rents were kept unchanged, five cities, namely, Makati, Pasay, Manila, Paranaque and Taguig, experienced a dip at the end of 2020. Makati City had the steepest decline in rent, declining by -9.8% y-o-y, as some landlords, mainly from Grade B developments, lowered their rents to entice new leases and keep existing tenants. Despite this, major business districts specifically those found within Makati City and Taguig City still recorded average annual growth rates of 6.9% and 11.3% per annum, respectively, from 2015 to 2020, proving that the office markets in these areas are still in a positive trajectory.

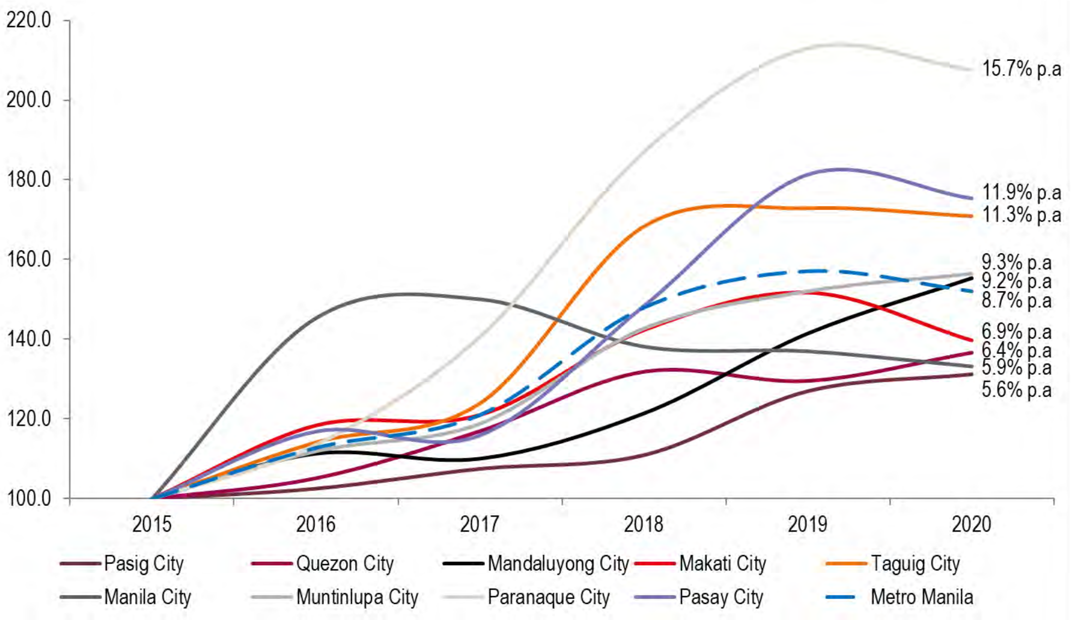
Meanwhile, Mandaluyong City, Quezon City and Pasig City showed a rent increase which stood at PHP 935, PHP P868, and PHP 858 per sqm per month, up by 9.8%, 5.5%, and 3.3% y-o-y, respectively. The rent increase primarily came from relatively recently completed developments in the area which commanded higher rents in the first quarter of 2020 right before the pandemic hit. Likewise, newly constructed office towers in these cities in the latter half of 2020 registered higher asking rents. These cities also recorded relatively stable rental growth from 2015 to 2020 with average annual growth rates hitting 9.2%, 6.4% and 5.6% per annum for Mandaluyong City, Quezon City and Pasig City, respectively.

Figure 5-18. Weighted Average Asking Office Rent – Metro Manila by District (2010-2025F)



Source: JLL Research and Consultancy

Figure 5-19. Indexed Weighted Average Asking Office Rent – Metro Manila by District (2015 – 2020)



Source: JLL Research and Consultancy

The average rental rate for a Grade A office was at PHP 1,149 per sqm per month by end of 2020, with an average annual growth rate of 7.0%. Meanwhile, Grade B developments was at PHP 816 per sqm per month in the end-2020, with an average annual growth rate of 7.5%. However, both building grade saw decline in rental rates in 2020, as the pandemic slowed down the demand and caused pressure to rent to drop.

Average rent in Metro Manila for 2021 is projected at PHP 1,098 per sqm per month, posting marginal growth of 0.1% y-o-y as we may see vacancy rates remain elevated. We may see further variance in rental rates across districts where some areas may be under pressure to review offer rents to fill up vacated spaces from move-outs in 2020 especially with competition from new supply in 2021. By 2021, we see Makati and Taguig City experience incremental improvements in rents on the back of the slightly lower vacancy rates on these cities as business activities and interest may likely be centred on these areas. The other cities, on the hand, are foreseen to post rental declines by 2021 as the market activity outside the core business districts may remain subdued. However, the market is seen to gradually recover beginning 2022 once vaccine rollout has been fully implemented and business landscape has stabilized. We forecast rents to post an average annual growth rate of 7.2% from 2022-2025 on account of recovery in office demand.

Forecasts on rents show all districts at a positive trajectory with key business hubs such as Taguig City, Makati City, Pasig City, Quezon City and Mandaluyong City recording 8.8%, 7.6%, 5.3%, 7.2%, and 7.1% average annual growth rate, respectively, from 2021 to 2025.

5.3 Metro Cebu Office Market Overview

Metro Cebu is the second-largest metropolitan area in the Philippines, made up of seven cities (Cebu City, Mandaue, Lapu-Lapu, Carcar, Danao, Naga and Talisay) and six municipalities (Compostela, Consolacion, Cordova, Liloan, Minglanila and San Fernando). It is considered as the political, economic, educational, and cultural hub of the Visayas Island. The property market in the metro continues to grow and pave its path as the leading destination for investors outside Metro Manila. Most of the property markets in Metro Cebu are in the Cities of Cebu, Mandaue and Lapu-Lapu, where main business districts like Cebu Business Park and Cebu IT Park are located.

In 2009, Metro Cebu was identified as one of the centers of excellence for the IT-BPM industry, eventually having a strong impact on the growth of the office market in the area. Similar with Metro Manila, the office market in Metro Cebu relies heavily on the activities coming from the IT-BPM sector as the area served as an alternative expansion site for firms wanting to expand their operations outside Metro Manila.

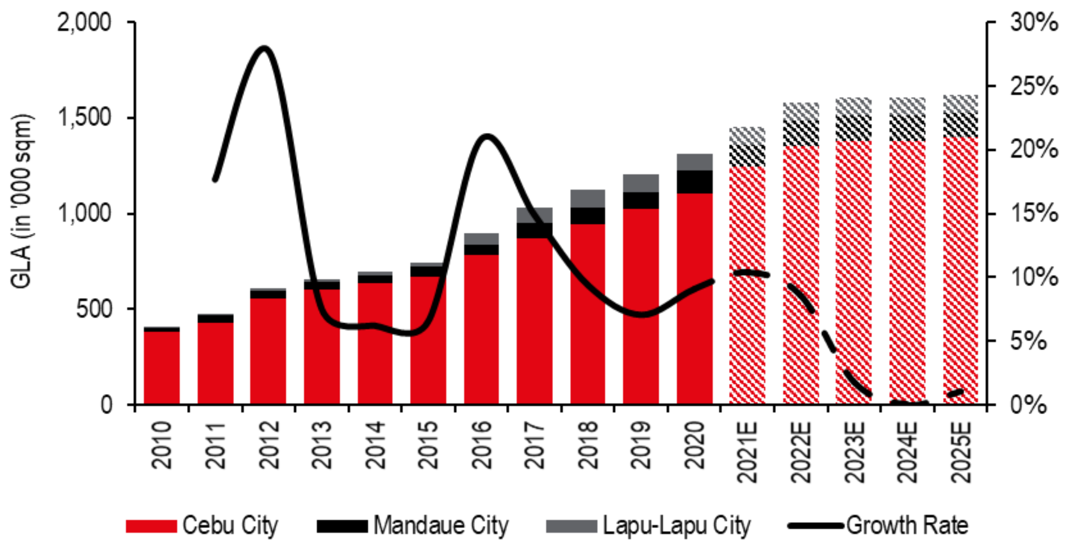
In the past decade, office market activities in Metro Cebu showed substantial growth, backed by several infrastructure developments, and increased interest from both local and foreign investors. However, Metro Cebu, much like all areas in the Philippines, was also heavily affected by the change brought about by COVID-19 in 2020. Strict quarantine measures were also mandated in the area to contain the pandemic in the first half of the year, which in effect, limited movement and operations, and dulled business activities. Despite the decline felt in 2020, the ongoing vaccine rollout, as well as activities and interest from the IT-BPM market, are seen to help boost the Metro Cebu office market in the coming years towards its gradual recovery.

5.3.1 Existing Supply

The total existing office supply in Metro Cebu settled at 1.3 million sqm as of end-2020. Over the past decade, office supply in Metro Cebu has expanded relatively faster than the office market in Metro Manila, recording an average annual growth rate of 12.7%. Office supply in Cebu peaked in 2012 and 2016 supported by solid interest from major developers to expand their portfolio outside Metro Manila. New completions in the 2012 were 27.8% higher y-o-y, driven by the completion of multiple office developments which catered to the IT-BPM industry. Notable developments in 2012 were Calyx Center, The Link, and GAGFA IT. In 2016, uptick of supply was also observed with 20.9% y-o-y growth, as IT-BPM industry continues to grow in the area. Notable office developments completed in 2016 which pushed supply higher would be the four office buildings in 8 Newtown Boulevard, among others.

Office supply grew from 2017 until 2020, albeit at a relatively slower pace compared to the figure recorded in 2016. The year 2020 was forecasted to be another banner year for office completions before the pandemic contributed to the construction delays. The projected supply in 2020 was originally at 257,600 sqm, although only about 42.6% of this was actually completed before the year ended. The rest of the expected 2020 completions were delayed and spilled over to 2021, pushing another expected peak should there be minimal construction delays recorded for the year.

Figure 5-20. Office Cumulative Supply – Metro Cebu (2010-2025E)



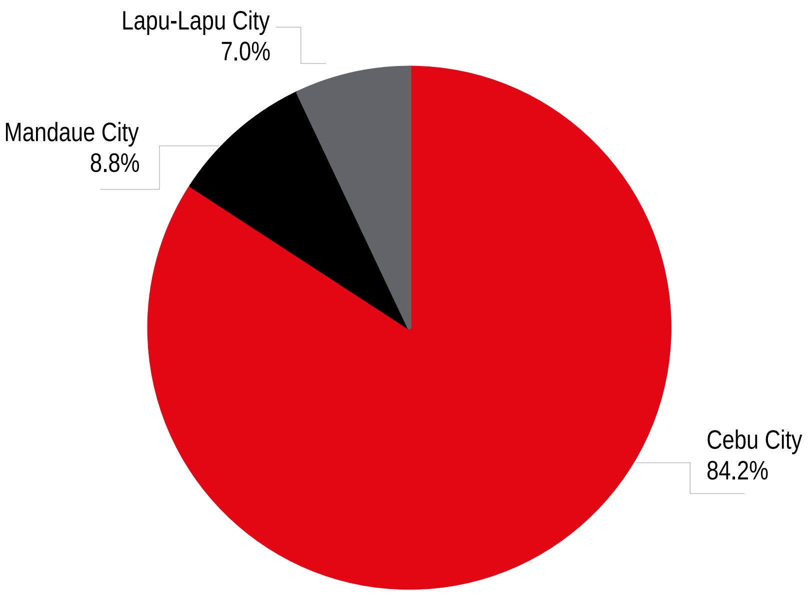
Source: JLL Research and Consultancy

Despite the challenges due to the construction delays in 2020, office supply in the metro increased by 37.7% y-o-y due to around 109,800 sqm of new supply additions to the market. Majority of the completed developments in 2020 is found in Cebu City, accounting for 77.1% of the 2020 supply, while the remaining 22.9% is found in Mandaue City. Notable developments that were completed in the year were Central Bloc 2 and Orion Corporate Center, among others. Meanwhile, no completions were recorded for Lapu-Lapu City in 2020.

Looking at the market share for the existing office stock by city, we see that majority of existing developments are found in Cebu City, making up 84.2% of the total existing stock in the metro. The concentration of office developments in the city can be attributed to the agglomeration of office buildings within the key business hubs in the area, such as the Cebu Business Park and Cebu IT Park, among others. As of end-2020, the two business hubs already account for 71.2% of the entire office market in the area on the back of being some of the oldest and most established economic districts in the city. The city also accounts for most of the Grade A developments in the metro, making up 87.9% of the total Grade A existing supply in Metro Cebu. Majority of the Grade A office supply is also concentrated within the two key business hubs of Cebu Business Park and Cebu IT Park since these are preferred by multinationals and large local firms to set up shop due to the concentration of business activities in these districts, much like how Makati CBD and BGC are in Metro Manila. Despite housing majority of the Grade A developments in the metro, most of the existing office buildings in Cebu City are actually Grade B structures, making up 69.2% of the total stock in the city. These are mostly lower quality developments found in the secondary districts or stand-alone developments located proximal to the major business hubs.

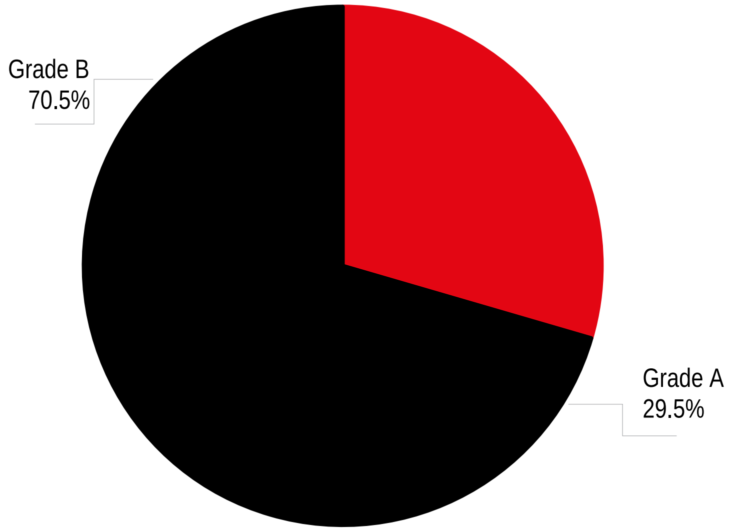
Meanwhile, Mandaue and Lapu-Lapu City account for the remaining 8.8% and 7.0% of the total existing office stock in metro, respectively. These cities capture a strong concentration of Grade B developments. Majority of the office towers in Mandaue City are stand-alone developments spread across different parts of the city, although office complexes and IT parks are also found in the area namely Oakridge Business Park, Norkis Cyberpark, and Arcenas Estate IT Center, among others. On the other hand, office developments in Lapu-Lapu City are concentrated within the Mactan Newtown complex. The overall lack of office hubs in these Cities translated to lesser supply compared to Cebu City which houses some of the key and emerging districts in the metro. Moreover, the Cities of Mandaue and Lapu-Lapu are currently more known for industrial and hospitality developments, respectively.

Figure 5-21. Market Share of Existing Developments - Metro Cebu by District (as of 4Q20)



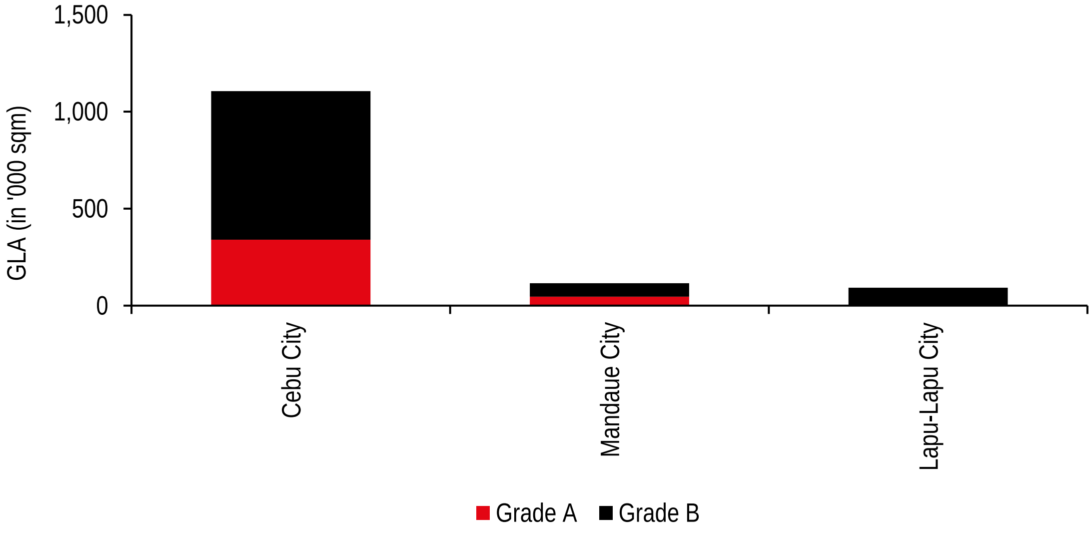
Source: JLL Research and Consultancy

Figure 5-22. Existing Office Development by Building Grade – Metro Cebu (as of 4Q20)



Source: JLL Research and Consultancy

Figure 5-23. Existing Office Development by Building Grade – Metro Cebu by District (as of 4Q20)



Source: JLL Research and Consultancy

Unlike Metro Manila which sees a heavy participation of major developers, the office landscape in Metro Cebu sees a fair contribution from both local and major developers. ALI accounts for the largest share of existing office supply, owning 15.0% of the total stock in Metro Cebu. Existing office towers of the developer are heavily concentrated in Cebu City where their business hubs are found. Following ALI would be local developers such as Innoland Development Corporation, Skyrise Realty and Development Company, and Primary Properties Corporation, among others.

Table 5-8. Top 10 Developers of Existing Office Developments in Metro Cebu (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Ayala Land, Inc.	15.0%	199,700
2	Innoland Development Corporation	13.1%	174,900
3	Skyrise Realty and Development Company	8.2%	110,000
4	Primary Properties Corporation	5.9%	78,600
5	Megaworld Corporation	5.5%	73,400
6	Filinvest Land, Inc.	4.2%	55,700
7	Cebu Landmasters, Inc.	3.3%	44,500
8	Asian I Office Properties	3.1%	41,300
9	Lexmark Research and Development Corp.	3.0%	40,000
10	Cebu Property Ventures and Development Corporation	2.8%	36,700

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

Further dissecting the developer share by city, we see how ALI leads the pie in Cebu City due to its share within the main business districts of Cebu Business Park and Cebu IT Park. Oakridge Realty Development, on the other hand, accounts for majority of the existing office stock in Mandaue City with its Oakridge Business Park, while MEG dominates the market in Lapu-Lapu City since office developments in the area are mostly found within Mactan Newtown, the developer's township community in the city.

Table 5-9. Top 3 Developers of Existing Office Developments – Metro Cebu by District (as of 4Q20)

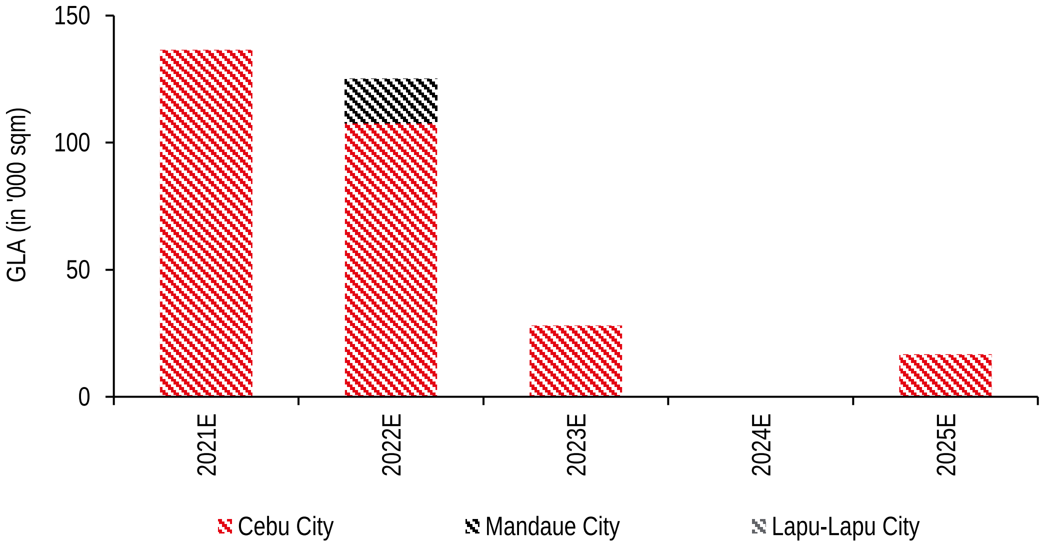
Rank	District/Developer	% Share	In SQM
	Cebu City		
1	Ayala Land, Inc.	18.0%	199,800
2	Innoland Development Corporation	13.5%	149,900
3	Skyrise Realty and Development Company	9.9%	110,000
	Mandaue City		
1	Oakridge Realty Development	27.5%	31,800
2	Innoland Development Corporation	21.8%	25,200
3	Everjust Realty Development Corporation	17.6%	20,400
	Lapu-Lapu City		
1	Megaworld Corporation	79.5%	73,500
2	BSP & Company	5.5%	5,200

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

5.3.2 Future Supply

Future office supply for Metro Cebu in the next five years is at 306,500 sqm which is expected to push supply to 1.6 million sqm by end-2025. Expected supply for 2021 has been expanded to 136,500 sqm, up by 24.4% y-o-y, due to delayed completions from 2020. Unlike Metro Manila which sees limited supply after 2021, incoming office supply in Metro Cebu is relatively healthy in the next five years. The continuous introduction of new office towers in the metro can be attributed to developers diversifying their portfolios and slowly expanding their footprints outside Metro Manila in line with business expansion in other parts of the country. Metro Cebu, among other business centres in the country, is seen to benefit greatly from the decentralization of Metro Manila, being the centre of economic activities in the Visayas Island.

Figure 5-24. Annual Upcoming Office Supply – Metro Cebu (2021E-2025E)



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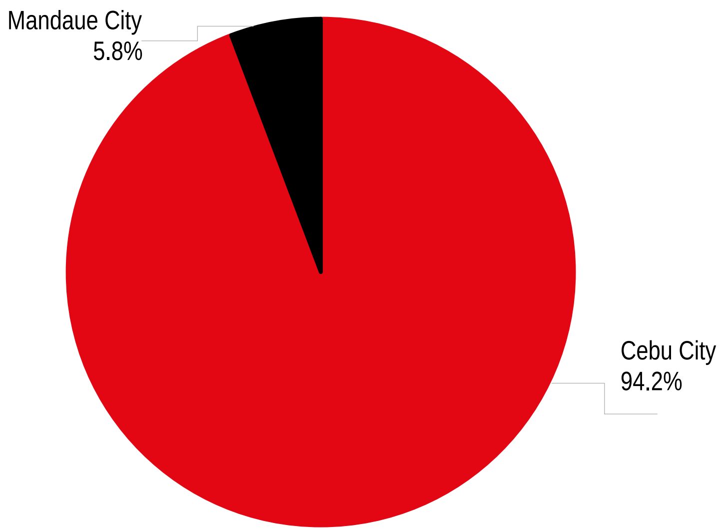
Source: JLL Research and Consultancy

Upcoming office towers are still heavily concentrated in Cebu City, accounting for 94.2% of the total incoming supply. The city still also hosts most of the upcoming Grade A buildings in the metro, making up 90.0% of the total upcoming Grade A developments in the area. Again, these are heavily concentrated within Cebu Business Park and Cebu IT Park, although there is an increased participation from the North Reclamation Area which sees a couple of buildings being operational in the next five years. Similar with existing supply, majority of the upcoming office developments in the city are Grade B buildings. Meanwhile, around 90% of the upcoming Grade A towers in the metro will be standing in Cebu City, specifically Cebu IT Park and Cebu Business Park.

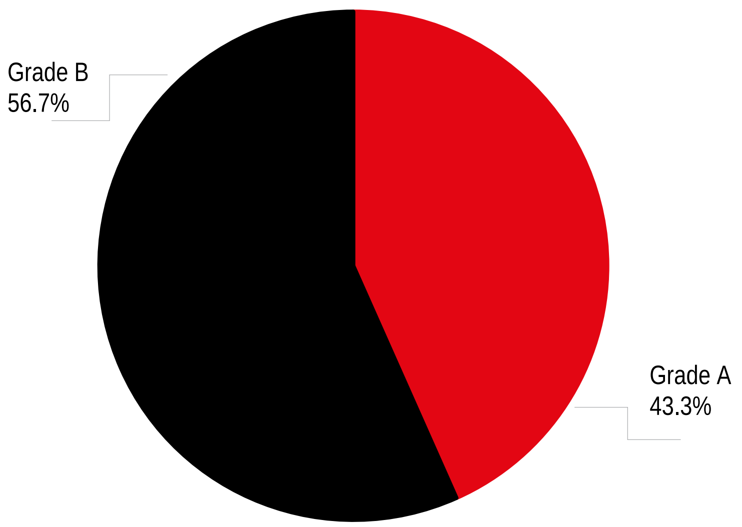
On the other hand, approximately 17,600 sqm of new supply for Mandaue came from the slippages in 2020. Currently, the Cities have no identified upcoming projects for 2023 to 2025.

Figure 5-25. Market Share of Upcoming Developments – Metro Cebu by District (as of 4Q20)



Source: JLL Research and Consultancy

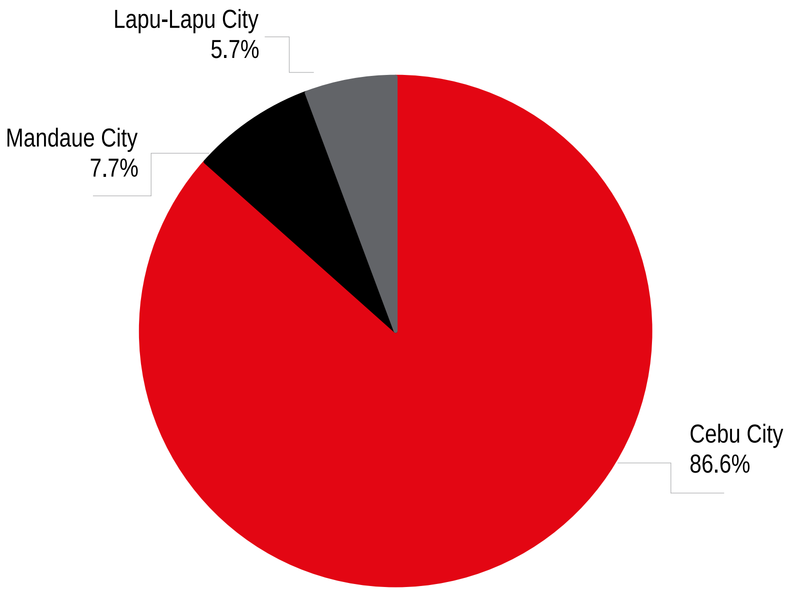
Figure 5-26. Upcoming Office Development by Building Grade – Metro Cebu (as of 4Q20)



Source: JLL Research and Consultancy

By end-2025, majority of office stock is located within Cebu City accounting for 1.5 million sqm total leasable space, backed by the concentrated office activities within Cebu Business Park and Cebu IT Park. Moreover, emerging districts such as the North Reclamation Area and the Fuente Osmeña Circle are seen to grow in the next couple of years.

Figure 5-27. Market Share of Office Developments – Metro Cebu by District (end of 2025E)



Source: JLL Research and Consultancy

Contrary to the developer share of existing office stock, most of the upcoming developments in Metro Cebu are from major national players such as FLI, ALI, SMPHI and RLC. The bulk of the upcoming supply will be developed by FLI, holding approximately 24.2% of the total pipeline in Metro Cebu. Most of the developer's growing presence is found in Cebu City, specifically in Cebu IT Park and in the emerging South Road Properties. Arthaland and Juanito King & Sons come after FLI, accounting for 16.3% and 9.2% of the total upcoming developments, respectively.

Table 5-10. Top 10 Developers of Upcoming Office Developments in Metro Cebu (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Filinvest Land, Inc.	24.2%	74,300
2	Arthaland	16.3%	49,900
3	Juanito King & Sons	9.2%	28,100
4	Philippine National Bank	8.3%	25,500
5	Robinsons Land Corporation	6.1%	18,900
6	Johndorf Ventures Corp.	5.8%	17,900
7	BL CBP Ventures, Inc.	5.8%	17,800
8	Ayala Land, Inc.	5.8%	17,700
9	JEG Development Corporation	4.7%	14,400
10	Grand Land, Inc.	3.9%	12,100

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

The same trend is seen at the city level where upcoming stock across all areas are by major developers, with FLI accounting for majority of the future stock in Cebu City, and ALI for Mandaue.

Table 5-11. Top 3 Developers of Upcoming Office Developments- Metro Cebu by District (as of 4Q20)

Rank	District/Developer	% Share	In SQM
	Cebu City		
1	Filinvest Land, Inc.	29.7%	137,300
2	Arthaland	10.8%	49,900
3	Juanito King & Sons	9.7%	28,100
	Mandaue City		
1	Ayala Land, Inc.	100.0%	17,700

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

The developer share for the office market by the end-2025 see a mix of both local and major developers, yet majority are still local developers, holding 60.6% of the total supply. ALI is seen to lead the pie, owning most of the office developments in the metro, accounting for 11.4% of the total office stock. By then, FLI is seen to surpass Innoland Development Corporation in terms of market share due to its additional developments in Cebu City.

Table 5-12. Top 10 Developers of Office Developments in Metro Cebu (by end of 2025E)

Rank	Developer	% Share	In SQM
1	Ayala Land, Inc.	13.4%	217,500
2	Innoland Development Corporation	10.8%	175,000
3	Filinvest Land, Inc.	8.0%	130,100
4	Skyrise Realty and Development Company	6.8%	110,000
5	Primary Properties Corporation	4.9%	78,700
6	Megaworld Corporation	4.5%	73,500
7	Arthaland	3.1%	49,900
8	Cebu Landmasters, Inc.	2.7%	44,500
9	Asian I Office Properties	2.5%	41,300
10	Lexmark Research and Development Corp.	2.5%	40,000

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

5.3.3 Net Absorption

Net absorption in Metro Cebu as a whole has been relatively stable with the past five years seeing only positive absorption on the back of continued interest of businesses to locate in the area. Across all Cities, Cebu City recorded positive absorption in the past five years, peaking in 2017, due to the steady entrance of IT-BPM firms to locate in the area. Meanwhile, Mandaue and Lapu-Lapu City had some years recording a negative net absorption as these Cities struggle to capture a relatively stable source of demand before. Nonetheless, these Cities also saw stellar years with increased activities from its main demand drivers.

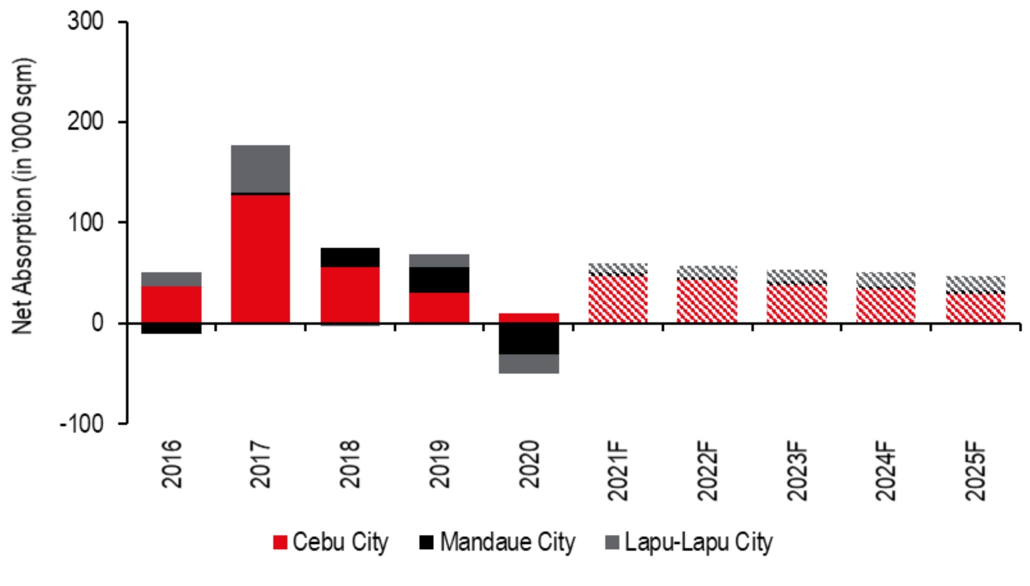
Metro Cebu recorded its highest net absorption in 2017 with 17,300 sqm, up by 352.0% y-o-y. This uptick was due to the strong demand from IT-BPM firms, coupled with the growing presence of POGOs in the metro. Majority of the newly completed supply in 2016 were occupied by these industries in 2017, leading to a spike in office take-ups in the same year. Most of the office take up in this year was observed in Cebu City with net absorption up by 252.9% y-o-y. Mandaue and Lapu-Lapu City also posted positive take-up in 2017 due to emerging presence of online gaming operators in the areas. The positive performance of the office market continued until 2019, showcasing active business activities and interest in the area.

However, the economic slowdown experienced in 2020 directly translated to the performance of the office market in Metro Cebu. The year recorded low office take-up in Metro Cebu, as vacant spaces spiked up to 277,200 sqm which in turn resulted to a negative total net absorption. As of end-2020, the recorded net absorption in Metro Cebu was at -39,700 sqm, down by -158.0% y-o-y, as demand weakened due to muted business sentiments, as well as investment and expansion plans temporarily put on hold.

Office pull-outs from several POGO firms primarily led the decline in net absorption, particularly in Mandaue City and Lapu-Lapu City, as these two Cities host all of the POGO firms in Metro Cebu. On the other hand, despite the low office take-up experienced, Cebu City maintained a positive net absorption as not much move outs were seen in the area. Select firms, specifically those in the IT-BPM industry as well as some traditional offices, downsized their current spaces as they rationalize costs, leaving relatively fewer vacant spaces compared to developments found in Mandaue and Lapu-Lapu City. Given this, Cebu IT Park and Cebu Business Park are seen to maintain a positive performance amidst the pandemic on the back of having a more stable business environment, and absence of POGOs compared to the other Cities.

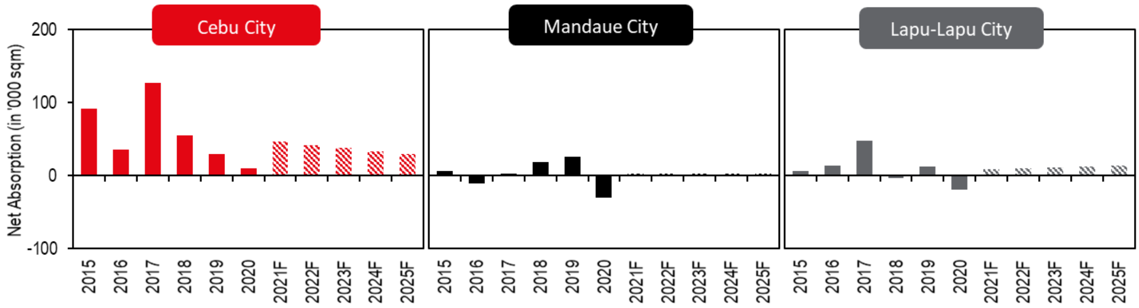
Nonetheless, a rebound in the office market is forecast in the next five years as net absorption is projected seen to regain momentum. This may be mainly driven by the growing interest in Metro Cebu by some occupiers from Metro Manila and some local-based companies. Moreover, decentralization as a response to the changes on work and business practices may lead to office demand in Metro Cebu.

Figure 5-28. Historical and Forecasted Net Absorption – Metro Cebu (2016-2025F)



Source: JLL Research and Consultancy

Figure 5-29. Historical and Forecasted Net Absorption – Metro Cebu by District (2016-2025F)



Source: JLL Research and Consultancy

5.3.3.1. Vacancy Rate

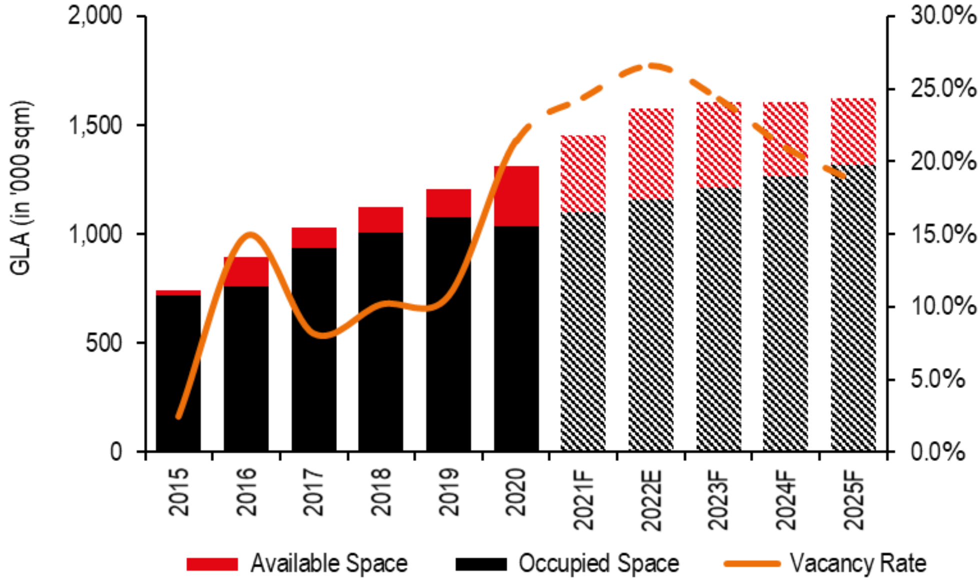
Vacancy rate in Metro Cebu in 2015 was relatively low at 2.5% before increasing to 14.9% in 2016 due to supply outpacing demand evidenced by the several floors left vacant in newly completed developments. Majority of these vacant spaces were in Mandaue and Lapu-Lapu City, recording a 33.4% and 49.1% vacancy rate in the end of 2016. This quickly improved in 2017 as activities from the IT-BPM industry, as well as some POGOs and traditional offices started to absorb the new supply. Yet Mandaue City continued to have high vacancy rate until 2018 as supply continued to increase in the area. Vacancy rates have remained manageable from then on, with incremental upticks y-o-y.

However, 2020 saw the increase of vacancy rates which reached its all-time high since 2015. As of end-2020, the vacancy rate of Metro Cebu was at 21.4%, approximately 1,060 bps higher y-o-y. Similar with Metro Manila, quarantine protocols which were implemented strictly in the first half of the year limited business activities and movement of employees in the area. Because of this, firms have also re-evaluated their current spaces and expenses coming from the new work protocols and business environment.

The rise in office vacancy was largely attributed to the pre-termination of contracts of POGOs, particularly in Mandaue City and Lapu-Lapu City which left large office spaces vacant. Some firms, specifically IT-BPM companies, have also downsized their office footprints, further elevating vacancy rates. Even though the quarantine protocols were lifted in the second half of 2020, the office market in Metro Cebu remained weak. This was also influenced by the newly completed supply in 2020 that contributed to the uptick in vacancy rate.

We forecast vacancy rates to remain elevated in 2021 and 2022 on the back of a large supply scheduled to go live on this year, a part coming from supply slippages from 2020. Together with this may be an overall weaker demand as business activities are still slower with firms remaining on the fence due to the pandemic. The vaccine rollout in 2021 is seen to temper the uptick in vacancy rates, although new supply will likely outpace demand until 2022. Nonetheless, we may see the landscape to start recovering by 2023 as business activities rebound, coupled with the relatively less new supply in the market, giving time for demand to catch up with the introduction of new developments. All Cities are seen to experience elevated vacancy rates from 2021 to 2022 which will taper down by 2023 onwards. It is worthy to note, however, that we see an undersupply in Lapu-Lapu City by 2023 where vacancy rates may hit 0.0% due to an overall lack of upcoming developments in the district.

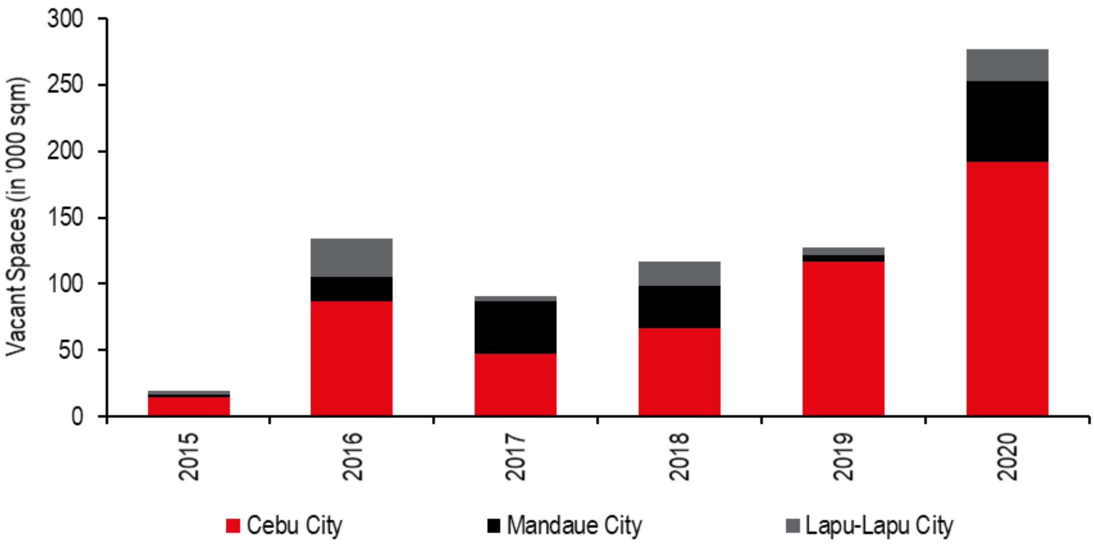
Figure 5-30. Historical and Forecasted Vacancy Rate for Metro Cebu (2016-2025F)



Source: JLL Research and Consultancy

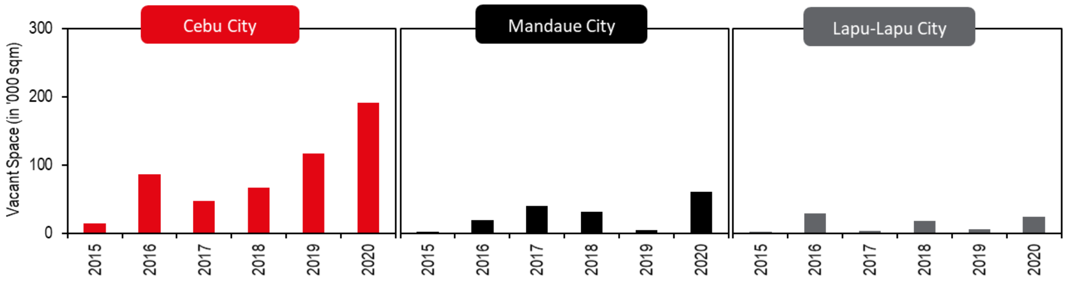
Examining vacancy rate by district, we see that majority of the vacant spaces are found in Cebu City, even though recording the lowest vacancy rate across the three Cities, as the city houses most of the office supply in the metro. However, Mandaue City recorded the highest vacancy rate as of 2020, settling at 52.6%. Total vacant spaces in Mandaue City was at approximately 60,700 sqm, up by 1,097% y-o-y, mainly due to move-outs of POGOs in the area.

Figure 5-31. Historical Vacant Space – Metro Cebu (2015-2020)



Source: JLL Research and Consultancy

Figure 5-32. Historical Vacant Space – Metro Cebu by District (2015-2020)



Source: JLL Research and Consultancy

5.3.3.2. Pre-commitment Rate[3]

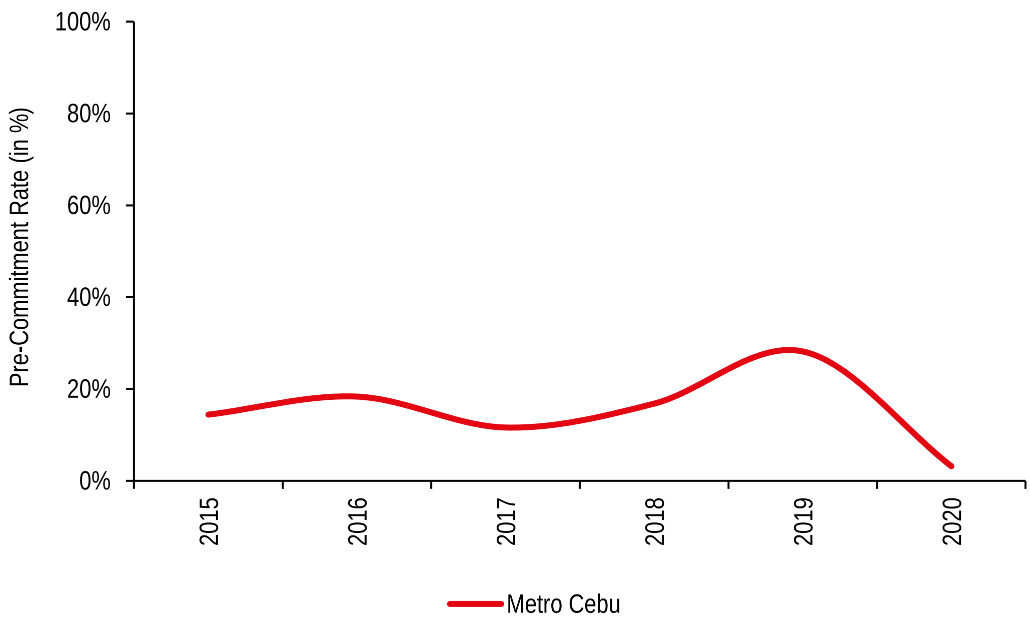
The pre-commitment market in Metro Cebu is not as active as the one found in Metro Manila, with pre-commitment rates hovering between 11.6% and 16.8% from 2015 to 2018. A slight uptick was recorded in 2019 when pre-commitment rate hit 28.2% due to notable take-ups in select buildings within Cebu City.

However, pre-commitment rate declined in 2020 due to the change in investment sentiments brought by the pandemic. As of end-2020, the office pre-commitment rate in Metro Cebu was down to 3.2%, -a 2,499 bps decline y-o-y as investors hold off their expansion plans.

On a district level, Cebu City recorded a 3.8% pre-commitment rate, a decline of -2,923 bps y-o-y end of 2020, which can be attributed to the termination of previously pre-committed spaces of some IT-BPM companies and ESL firms. Meanwhile, the two Cities, Mandaue and Lapu-Lapu have no recorded pre-committed space, reflective of the relatively slower office market in these areas.

[3] Pre-commitment rate refers to the percentage of the upcoming stock that has been leased prior its completion. This takes into consideration all upcoming developments that has been announced and opened to the market during that year.

Figure 5-33. Historical Annual Pre-commitment Rate – Metro Cebu (2015 - 2020)

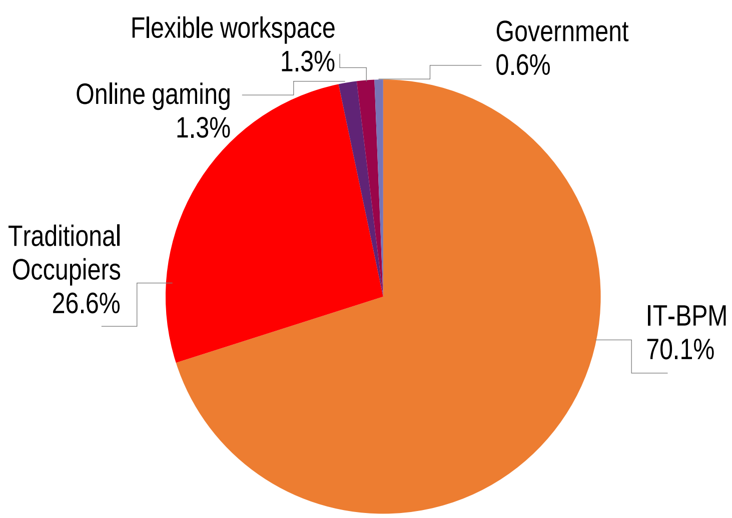


Source: JLL Research and Consultancy

5.3.3.3. Demand Profile

As of end-2020, existing office spaces in Metro Cebu are mostly occupied by IT-BPM firms, accounting for 70.1% of the total leased office space, while traditional occupiers follow after with 26.6%. Other key demand sources would be POGOs and flexible workspaces which altogether account for the remaining 2.6% of the total leased space in the area.

Figure 5-34. Tenant Mix in Metro Cebu (as of 4Q20)



Note: Covers a basket of Prime, Grade A, and Grade B developments
Source: JLL Research and Consultancy

Metro Cebu's office market in the area is heavily geared towards the IT-BPM industry. The industry has been one of the metro's key office market drivers over the past years as locators in Metro Manila started to expand their sites in the various provincial economic centres. Metro Cebu is considered as one of the attractive locations for the expansion sites of IT-BPM firms due to the quality of talent pool available in the area, and the overall cheaper operational cost with rents at PHP 629 per sqm per month compared to Metro Manila which is currently at PHP 1,098 per sqm per month. Other than these, the continuous urbanization backed with existing and upcoming infrastructure projects also makes the metro an ideal location for these firms.

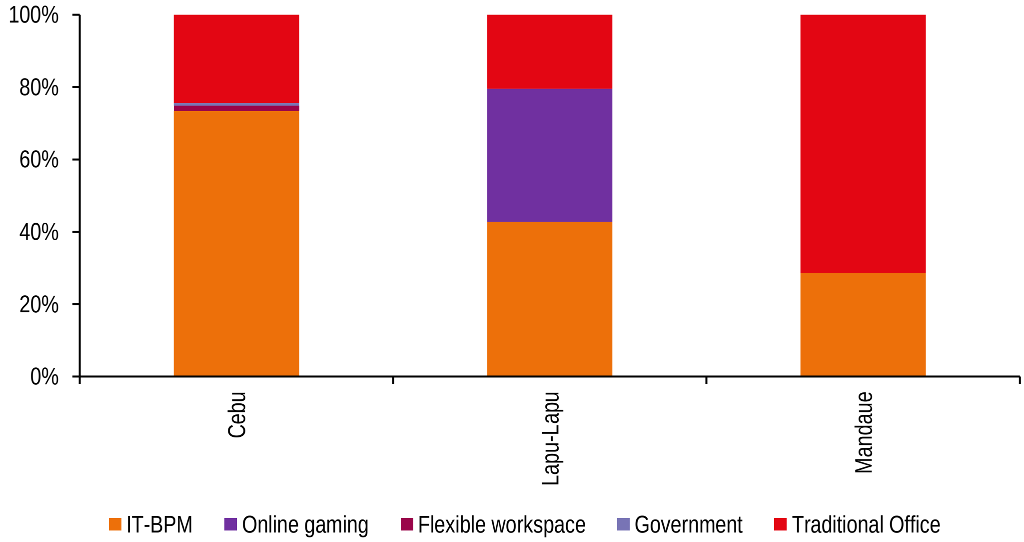
Majority of the IT-BPMs found in Metro Cebu are located within Cebu City, accounting for 73.5% of the total space leased by the industry Most of these companies like JP Morgan Chase, Google Inc., Accenture, Concentrix and Convergys are operating within Cebu Business Park, and Cebu IT Park. Some IT-BPM firms are also operating in the emerging districts of Fuente Osmeña Circle and the North Reclamation Area, particularly within offices with a retail podium as these firms are taking advantage of the direct access to retail options which provide support to employees of tenants.

Aside from IT-BPM firms, traditional office occupiers also occupy a notable portion of the office stock, taking up 26.6% of the total leased space as of end-2020. Majority or 83.5% of these occupiers are found in Cebu City, particularly within Cebu Business Park and Cebu IT Park. Most of these traditional occupiers were in the Real Estate industry and Professional and Business Services. Notable firms that occupy significant space in the metro are Fluor Daniel, Inc. – Philippines and Dreamscape Networks Inc.

Over the past years, POGO operators had a growing presence in the metro as the industry became one of the key drivers of office spaces, particularly in Mandaue City and Lapu-Lapu City. Significant office take-up from these firms was recorded from 2017 to 2019 wherein majority of the office spaces in the two Cities then were occupied by the industry. However, as the industry faced tax issues in 2020, some operators have left the country and pre-terminated their leases, leaving a notable volume of spaces vacant that they have occupied previously, pushing vacancy upwards. Moreover, some operators that pre-committed space in upcoming buildings also pulled out, driving pre-commitment rates to new lows. By end-2020, POGO operators in Metro Cebu now only occupy around 1.3% of the total occupied office space.

The growth of economic activities in Metro Cebu also resulted to opening of serviced office and co-working spaces over the past few years. Due to the pandemic, some office spaces were converted to flexible offices to accommodate interim office demand. By the end of 2020 the flexible working space accounts to 1.3% of the total occupied office spaces. Currently, Metro Cebu has some local and international players for serviced office such as KMC, ASPACE and The Company Cebu.

Figure 5-35. Tenant Mix in Metro Cebu by District (as of 4Q20)



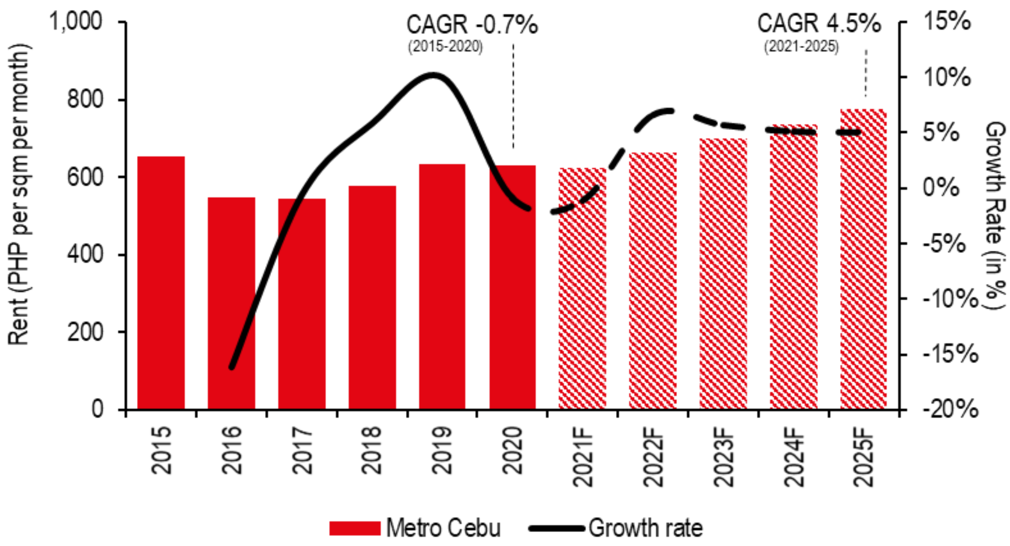
Note: Covers a basket of Prime, Grade A, and Grade B developments
Source: JLL Research and Consultancy

5.3.4 Rents

Looking at the historical average rents office development command in Metro Cebu, a decline was initially seen in 2016 wherein rents dipped by -16.1% y-o-y on the back of the elevated vacancy rate experienced on the same year, as well as new supply which offered lower rents. The dip in 2016 primarily came from Cebu City as rents in the area declined by -15.2% y-o-y. This eventually rebounded in 2018 as all three Cities recorded a positive movement on rents. The biggest improvement was seen in Lapu-Lapu City, primarily driven by the increased activities of POGOs in the area which pushed rents up by 37.4% y-o-y. Average rents in Metro Cebu eventually peaked on 2019, heavily driven by the Cebu City market which saw a large introduction of higher-grade supply,

Average rents saw a decline by end-2020 due to muted demand overall caused by the pandemic. Same with Metro Manila, office demand in Mero Cebu weakened as occupiers put expansion plans on hold, some exiting or downsizing their spaces. This prompted some landlords to come up with rent relief measures that may come in a form of rent abatement, deferments and or discounts so as to attract tenants to lease or renew their current arrangements.

Figure 5-36. Weighted Average Asking Office Rent – Metro Cebu (2015-2025F)



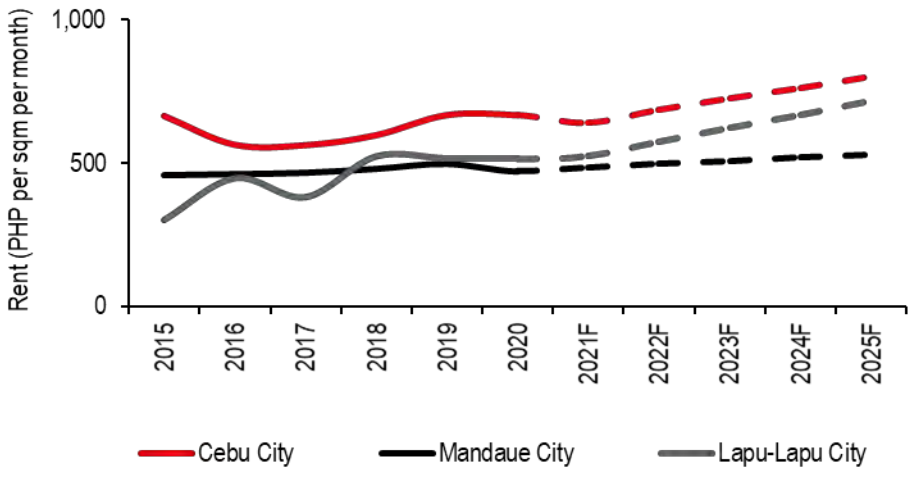
Source: JLL Research and Consultancy

As of end-2020, average rent in Metro Cebu reached PHP 629 per sqm, down by 0.9% y-o-y. Although posting a decline, this drop is lower than in Metro Manila. At a district level, Mandaue City (PHP 472 per sqm) experienced the steepest decline on rents, recording a -5.3% decrease y-o-y. This can be attributed to pull-outs of POGO operators in the area. Meanwhile, Cebu City (PHP 666 per sqm) and Lapu-Lapu City (PHP 515 sqm) only experienced incremental declines of -0.1% y-o-y, apiece.

In terms of building grade, rents for Grade A buildings are at PHP 677 per sqm per month, down by 6.2% y-o-y. Meanwhile, Grade B developments are at PHP 599 per sqm per month, up by 2.3% y-o-y.

We foresee average rents to continuously decline in Metro Cebu in 2021 as vacancies may still be elevated given the lack of a sizeable demand source that could absorb the vacated spaces. The average rent is projected to be at PHP 622, down by -1.1% y-o-y by end-2021. Additional rental decline may be observed in Cebu City, down by -3.6% y-o-y at the end of 2021. This may be attributed to the upcoming supply adding competition that may further elevate the vacancy rate in the area. However, Mandaue City may experience an increase in 2021 as the lower rents on the back of high vacancy may be more appealing to prospective occupiers. Nevertheless, the market is forecast to rebound in 2022 as the vaccine is expected to be completely rolled out in the metro. As demand normalizes starting 2022, we anticipate seeing rents move in line and post an average annual growth of 5.7% from 2022-2025.

Figure 5-37. Weighted Average Asking Office Rent – Metro Cebu by District (2015-2025F)



Source: JLL Research and Consultancy

5.4 Davao City Office Market Overview

Davao City is considered the premier hub and "Crown Jewel" of Mindanao and is considered as the main economic center of the island where majority of trade and commerce are taking place. The property market in Davao City started to build momentum in the late 2000s and continued to be an attractive investment hub for many developers as reflected in the rise of mixed-use developments, including IT parks and shopping malls. The city serves as a good location for expansion sites of IT-BPM firms outside Metro Manila due to the overall lower operational costs in the area, coupled with a talent pool whose skillsets are comparable to those found in other key urban centers in the Philippines.

However, the city was also affected by the spread of COVID-19 in 2020 which led to strict quarantine protocols that limited the movement and activities in the first half of the year. Despite this, the city eased their restrictions ahead of other areas which helped the local property market recover faster.

5.4.1 Existing Supply

Total existing office supply in Davao City reached 232,300 sqm by end-2020, growing at an average annual rate of 20.9% over the past decade, relatively faster than Metro Manila (7.2%) and Metro Cebu (12.7%). Same with the other key urban centres, Davao City was also challenged in the economic crises in 1997, 2008 and 2009 which slowed down business activities in the area. However, as the economy rebounded, business activities in the city slowly bounced back, supported by the growth in the service sector, specifically the entrance of more IT-BPM firms in the city, as well as the completion of key infrastructure developments such as bypass roads, bridges, and urban transportations. This also led to the growth of the office market wherein the highest uptick in office stock was observed in 2012, up by 58.8% y-o-y. The growing presence of the IT-BPM in the city had sustained the performance of the office market and has led developers to continuously expand their portfolios with office buildings catering to this industry. This is evident when looking at the key office developments in Davao City which were completed in this period such as SM City Davao IT Center, Damosa IT Park Topaz Tower, and Gaisano IT Center as all towers cater to IT-BPM firms.

Supply has been sporadic since 2012, with some years recording a notable amount of supply, and other years with few office buildings completed. There was also a stock withdrawal in 2017 where NCCC Davao IT Center was withdrawn from the market as a result of a fire incident. The city was hit with an earthquake in 2019 and in the same year, labor shortage was being experienced throughout the entire country due to the rise of ongoing infrastructure and real estate developments and a boom on employment opportunities overseas, dividing the available labor pool into several sectors. These caused some project delays and resulted to supply slippage to 2020.

Adding to these is the COVID-19 pandemic wherein the city implemented quarantine protocols in the first half of the year. During the implementation of the enhanced community quarantine (ECQ) in the city, movements of goods and the mass are limited which led to construction delays. Projects and expansions were also temporarily put on hold as businesses remained cautious on how to proceed due to the uncertainties associated with the pandemic. These led to a delay on the completion of some developments and supply slipping to 2021.

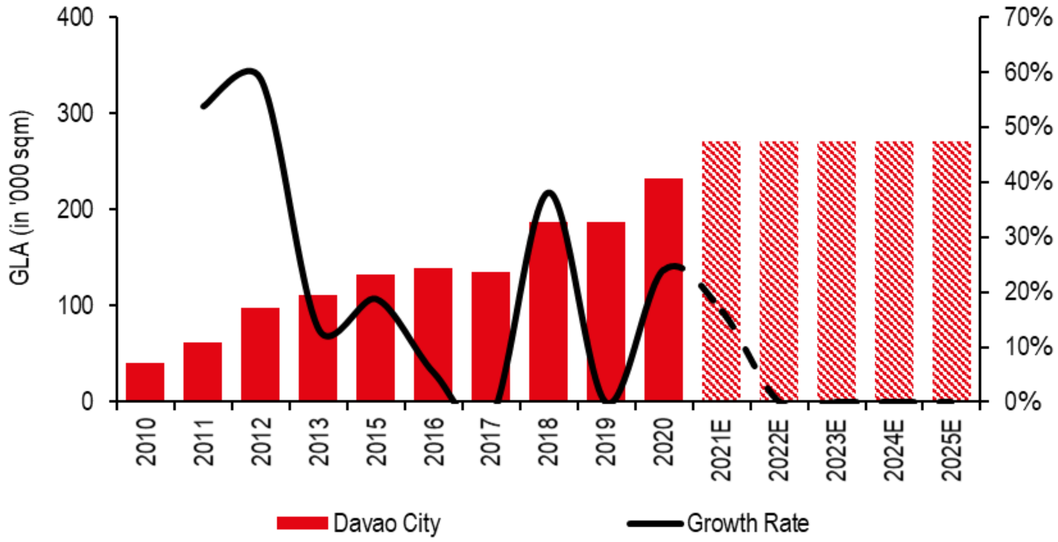
For the supply discussion, JLL segmented the city into five major districts: Central, Downtown, North, East and West, where most of the economic, educational, and cultural hubs are located.

Figure 5-38. Davao City Districts

Source: ArcGIS, JLL Research and Consultancy

Of the 77,500 sqm that was expected to be delivered for 2020, only around 45,100 sqm or 58.3% of the scheduled completions were completed. The bulk of the 2020 supply was in the Central and East districts which houses some of the prominent IT parks in the city such as the Robinsons Cyberpark Davao and the Damosa IT Park. Notable developments that were completed in 2020 were Aeon Towers, Damosa Diamond Tower, and Inspiria Tower, all completed in the second half of the year. Even though there are supply that slipped to 2021, it is noteworthy that the percentage of actual completed stock versus the expected completions is bigger compared to Metro Manila and Metro Cebu. This is may be attributed to the earlier transition towards the General Community Quarantine starting May 2020 which allowed construction activity to resume.

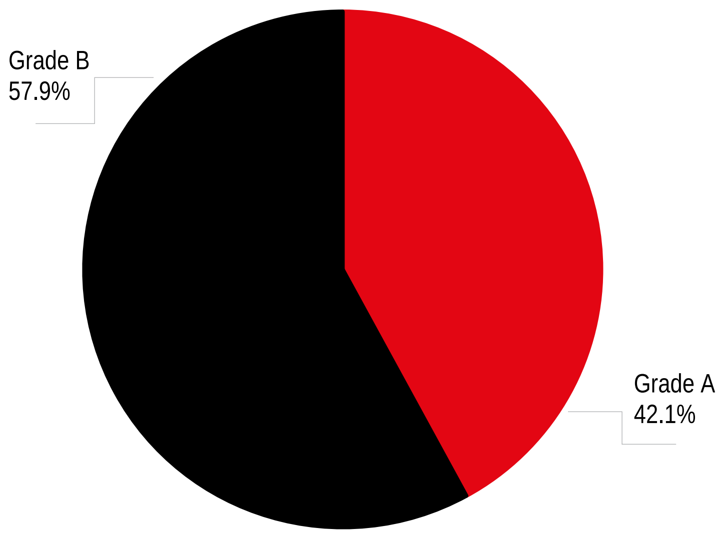
Figure 5-39. Office Cumulative Supply – Davao City (2010-2025E)



Source: JLL Research and Consultancy

Most of the existing supply was heavily concentrated in the Central district, accounting for about 33.5% of the stock, as it serves as home to some of the pioneer office towers in the city, with the likes of Pryce Tower and Landco-PCDP Corporate Center, and key IT parks and mixed-use developments, such as the Robinsons Cyberpark Davao and Abreeza, are located. The East district also accounts for a notable part of the pie, housing around 29.0% of the existing supply which are found in the existing IT parks and mixed-use complexes in the area such as the Damosa IT Park, Davao Park District, and SM Lanang Premier. These areas also account for the largest share of Grade A buildings in Davao City with 46.6% and 42.7% of the leasable Grade A stock, respectively. However, Davao City is still mostly made up of Grade B developments, making up 57.9% of the existing stock. Majority of Grade B developments are spread across the West, Central and Downtown districts where most of the older office buildings are found.

Figure 5-40. Existing Office Development by Building Grade – Davao City (as of 4Q20)



Source: JLL Research and Consultancy

In terms of market share, it is observed that developers with mixed-use complexes and IT parks in the city drive the office market. Damosa Land Inc, a prominent local developer known for Damosa IT Park, one of the notable IT parks in Davao City, leads all developers with a 16.5% share of the total existing office supply as of end-2020. They are followed by RLC with 13.6% of the existing stock, all concentrated within its Robinsons Cyberpark Davao. Meanwhile, Plaza de Luisa Development, Inc. makes up 11.6% of the total existing stock with Matina IT Park. Similar to Metro Cebu, majority of the prominent developers in Davao City are local developers, with most major developers recently expanding their footprint in the city.

Table 5-13. Top 10 Developers of Existing Office Developments in Davao City (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Damosa Land, Inc.	16.5%	38,100
2	Robinsons Land Corporation	13.6%	31,500
3	Plaza de Luisa Development, Inc.	11.6%	26,800
4	Megaworld Corporation	11.2%	25,900
5	SM Prime Holdings	10.0%	23,200
6	Felcris Hotel and Resorts Corporation	5.9%	13,600
7	Davao Filandia Realty Corporation	5.9%	13,600
8	Pryce Corporation	5.2%	11,900
9	Landco; PDCP	4.7%	10,900
10	Ayala Land, Inc.	4.1%	9,400

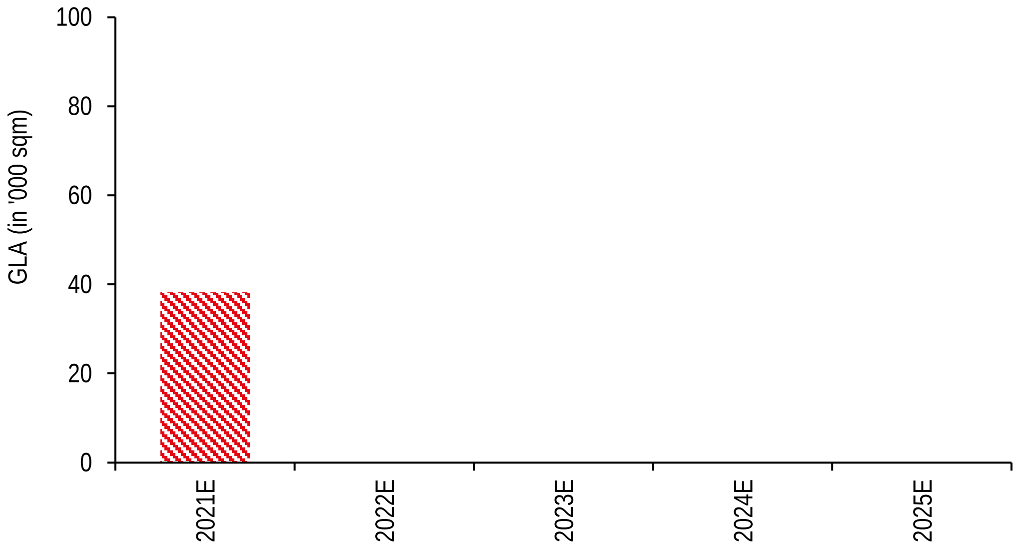
Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

5.4.2 Future Supply

The office supply in Davao City is expected to expand by 38,200 sqm in the next five years, bringing the total office stock to 232,300 sqm by end-2025.

Due to the ECQ implemented in Davao City in the first few months of 2020, around 33,600 sqm of the expected 2020 supply slipped to 2021, pushing the expected 2021 completions to 38,300 sqm, up by 16.6% y-o-y. However, an absence of new completions is seen from 2022 to 2025 although there are some office developments which have already been announced but with no concrete completion dates yet, such as office buildings within MEG's Davao Park District, as well as additional office towers within Damosa IT Park. Some of these developments have announced earlier completion dates before but have been put on hold, initially due to the city being placed under martial law in 2017 which dampened business interests in the area. Despite the lifting of the martial law, no updated completion dates have been disclosed for these developments. Moving forward, we still see a more active participation from major developers in the coming years given the city's prominence as a business destination in the Mindanao region.

Figure 5-41. Annual Upcoming Office Supply – Davao City (2021E-2025E)



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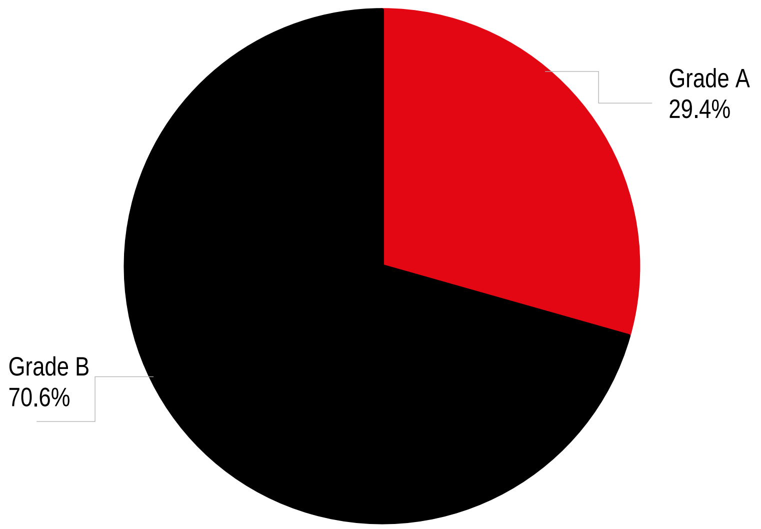
Source: JLL Research and Consultancy

Majority of the upcoming office developments in Davao City are still housed within the existing IT parks and mixed-use complexes, specifically the Abreeza complex in the Central district and the Matina IT Park in the West district. Upcoming offices in these areas are mostly additional towers of their current developments within the park. Similar with existing supply, majority of the upcoming office stock in the city are still Grade B developments, accounting for 70.6% of the expected stock.

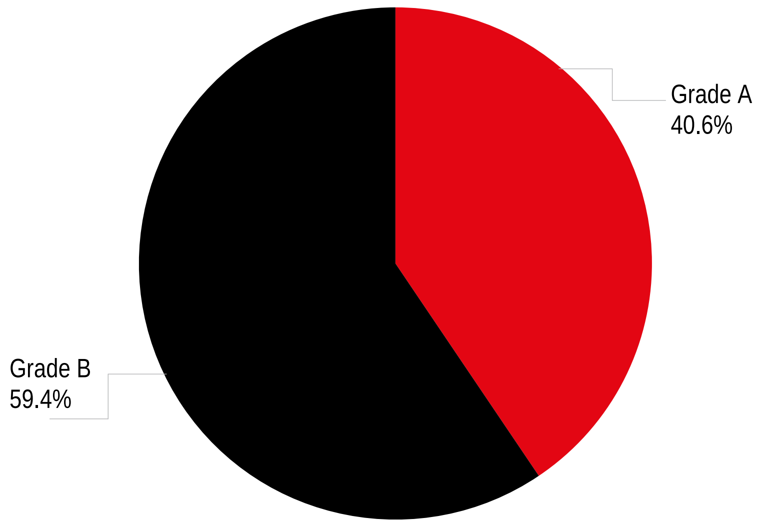
Figure 5-42. Upcoming Office Development by Building Grade – Davao City (as of 4Q20)



Source: JLL Research and Consultancy

By end-2025, majority of the developments in Davao City are still Grade B structures, accounting for 59.4% of the total office stock. Despite the overall dominance of Grade B developments, we have observed the steady introduction of better-quality office stock in the city, driven by the rising demand coming from IT-BPM and corporate occupiers.

Figure 5-43. Market Share of Office Developments by Building Grade – Davao City (end of 2025E)



Source: JLL Research and Consultancy

Looking at the developer share for developments scheduled for completion from 2021 to 2025, majority are coming still coming from local players, specifically Plaza de Luisa Development, Inc. who has an upcoming additional tower within Matina IT Park. Damosa Land is also seen to add another office building within Damosa IT Park, although the development is still on the planning stages. Major developers were observed to continuously expand their footprints in the city as they locate in the emerging hubs in the Philippines. ALI accounts for a notable share of the upcoming stock, while MEG is also expected to increase their presence in the city in the coming years with two more office towers in the pipeline, albeit no completion dates disclosed yet.

Table 5-14. Developers of Upcoming Office Developments in Davao City (as of 4Q20)

Rank	Developer	% Share	In SQM
1	Plaza de Luisa Development, Inc.	70.6%	27,000
2	Ayala Land, Inc.	29.4%	11,200

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

By end-2025, local developers specifically Plaza de Luisa Development, Inc. and Damosa Land are seen to continue to lead the office market in Davao City, accounting for 19.9% and 14.0% of the total office stock by end-2025. Both developers have established large mixed-use developments in the city, which grants them the ability to scale their portfolio. On the other hand, major developers such as RLC, MEG, SMPHI and ALI also account for a notable part of the office stock by end-2025 as they continue to locate in the city as a move to further expand their portfolios in the emerging business centers in the Philippines.

Table 5-15. Top 10 Developers of Office Developments in Davao City (by end of 2025E)

Rank	Developer	% Share	In SQM
1	Plaza de Luisa Development, Inc.	19.9%	53,800
2	Damosa Land, Inc.	14.0%	38,100
3	Robinsons Land Corporation	11.6%	31,500
4	Megaworld Corporation	9.5%	25,900
5	SM Prime Holdings	8.5%	23,200
6	Ayala Land, Inc.	7.6%	20,700
7	Felcris Hotel and Resorts Corporation	5.0%	13,600
8	Davao Filandia Realty Corporation	5.0%	13,600
9	Pryce Corporation	4.4%	11,900
10	Landco; PDCP	4.0%	10,900

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

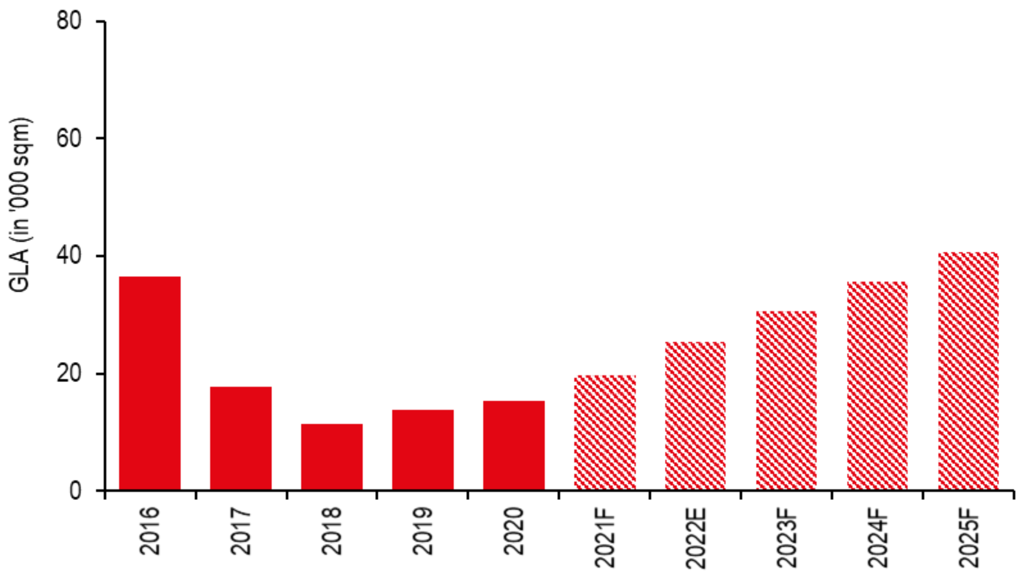
5.4.3 Net Absorption

The net absorption in Davao City has fluctuated from 2015 to 2016 before stabilizing at 2017 until present. A solid take-up from the IT-BPM industry led to a peak in net absorption in 2016 as increased activities from this sector was able to absorb most of the newly completed supply, as well as some of the supply that was completed in 2015. Some examples of notable transactions in 2016 were IT-BPM firms leasing approximately 9,000 sqm in SM Davao City IT Center and 7,000sqm in Abreeza Corporate Center. Office take-up has been relatively stable from 2017 to 2019, reflecting the stable business interest for the city.

Davao City maintained a positive net absorption of 15,200 sqm in 2020, due to fewer move outs and some new leases in the city. Unlike Metro Manila and Metro Cebu, pull outs were not as felt in the city which helped keep net absorption afloat. Some firms, specifically smaller local IT-BPM firms, relocated to cheaper locations. Nonetheless, new leases were still observed, mostly closed when the city quickly reverted to a more relaxed quarantine status starting May 2020. Majority of these notable new leases are relatively smaller, international IT-BPM firms which have locations in the provincial areas in the Philippines. Also, the absence of POGOs in the city, the sector that led massive pullouts in 2020, kept net absorption at a positive.

We forecast net absorption for Davao City to improve further in the next five years as we expect a continuous uptick in office demand across the country. This may be driven by the anticipated demand recovery from IT-BPM firms, as well as the expected improvement in global and local investment sentiments once the vaccines have been fully rolled out starting 2021. It is worth noting, however, that even with the steady improvement in net absorption, the volume of incoming supply is also sizeable, especially in 2021 which will heavily affect the forecasted vacancy and rental performance on the same year.

Figure 5-44. Historical and Forecasted Net Absorption – Davao City (2016-2025F)



Source: JLL Research and Consultancy

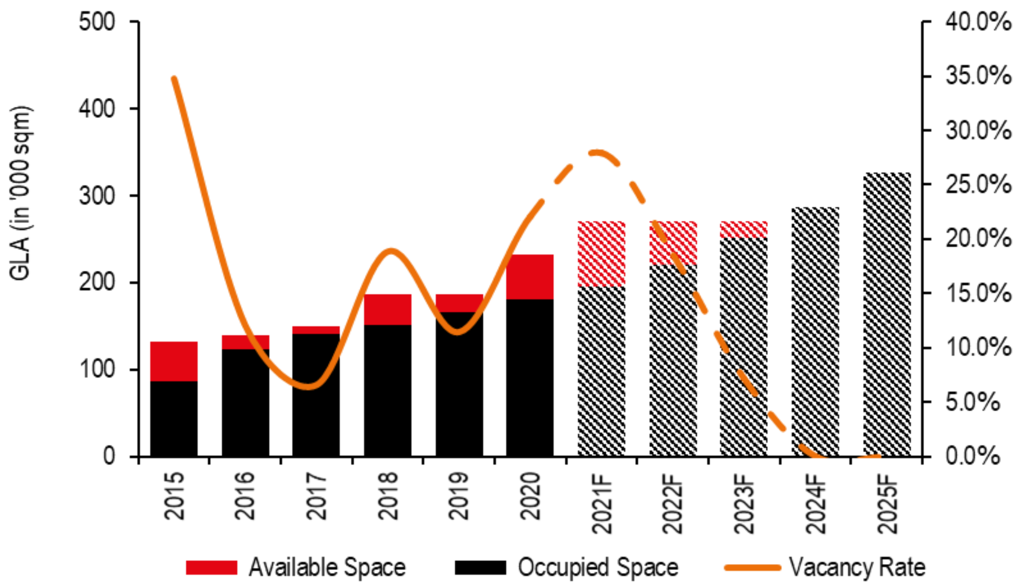
5.4.3.1. Vacancy Rate

Average vacancy rates in Davao City have been sporadic in the past five years with some years recording low vacancies before experiencing an uptick in the succeeding years. Davao City recorded a relatively high vacancy rate, hitting 34.8% in 2015 driven by a sizeable new supply which was not immediately absorbed by the market. This quickly tapered down in 2016 wherein vacancy rate settled at 12.0% on the back of sustained demand that absorbed the vacant spaces from the previous year and new supply in the year. Vacancy rate continued to improve in 2017, although 2018 saw another uptick in vacancies heavily influenced by the supply peak recorded in the same year. This then contracted in 2019 on the back of more activities coming in from the IT-BPM industry, as well as the absence of new supply recorded in the same year.

However, vacancy rates in 2020 experienced an uptick again, reaching 22.1%, a 1,066-bps increase y-o-y. Despite the positive net absorption, vacancy rates still went up due to the additional vacant spaces from newly completed developments. Of the stock completed last 2020, only around 27.6% of it was leased and the remaining 72.4% remained vacant. Also, leasing activities were relatively slower in 2020 as the pandemic pushed locators to rationalize space requirements and costs, resulting to most of the newly completed structures to be left vacant.

Vacancy rates are foreseen to remain elevated in 2021, hitting 27.9% which is up by 581 bps y-o-y. The projected uptick on vacancy rates is driven by a recovering demand coupled with a notable volume of expected new completions coming from the 2020 supply slippages as well as originally scheduled 2021 completions. Activities from new and potential occupiers may remain minimal for the year. However, we are seeing the start of the vaccine rollout in 2021 which will likely revive the economic activities in the country by 2022. With this, we are seeing a steady decline of vacancy rates from 2022 onwards as demand catches up with supply. We are projecting demand to outpace supply due to the overall lack of projected new supply in the next couple of years. It is worth mentioning that about 58,000 of leasable office space are in pipeline with no specified completion which would eventually affect the forecast once their completion year have been finalized.

Figure 5-45. Historical and Forecasted Vacancy Rate for Davao City (2015-2025F)

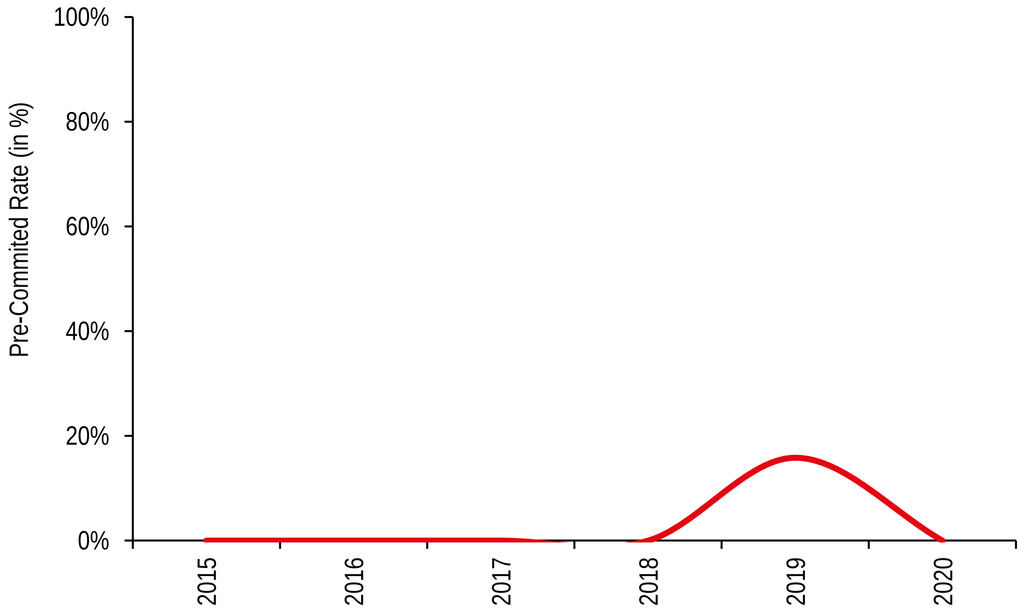


Source: JLL Research and Consultancy

5.4.3.2. Pre-commitment Rate[4]

The pre-commitment market in Davao City is not as active as the one found in Metro Manila, with historical data showing that pre-commitment started to gain traction in 2019 wherein it settled at 15.8% with some leases signed in the developments within the Robinsons Cyberpark Davao and Damosa IT Park. However, the momentum was not maintained as 2020 changed the investment environment and brought uncertainties to investors, pushing pre-commitment rate to contract. As of end-2020, there were no recorded pre-committed spaces in Davao City as negotiations were temporarily put on hold.

Figure 5-46. Historical Annual Pre-commitment Rate – Davao City (2015 - 2020)



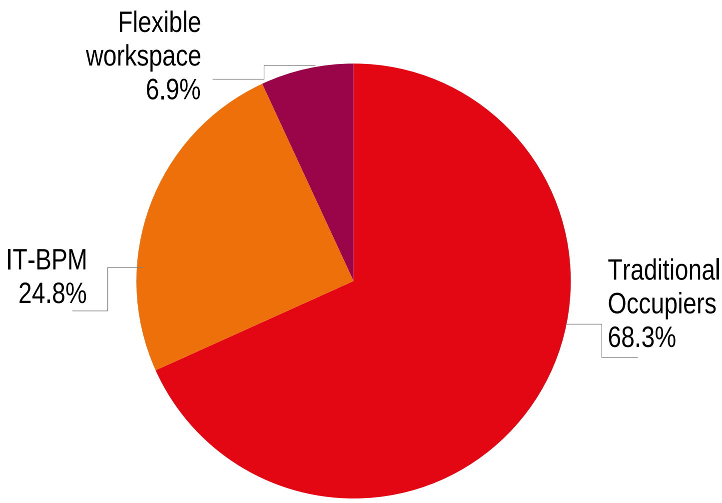
Source: JLL Research and Consultancy

5.4.3.3. Demand Profile

Corporate occupiers and IT-BPM firms dominate the office market in Davao City, accounting for 68.3% and 24.8% of the total leased spaces as of end-2020, respectively. Flexible workspace also has a notable presence in the city, accounting for 6.9% of the total occupied stock in the area.

[4] Pre-commitment rate refers to the percentage of the upcoming stock that has been leased prior its completion. This takes into consideration all upcoming developments that has been announced and opened to the market during that year.

Figure 5-47. Tenant Mix in Davao City (as of 4Q20)



Note: Covers a basket of Prime, Grade A, and Grade B developments
Source: JLL Research and Consultancy

Bulk of the traditional occupiers in Davao City are located in some of the oldest office buildings in the city. These developments typically house smaller, local traditional offices who were the original driver of the office market in the area prior to the entrance of IT-BPM firms. Most of these traditional offices are in the Consulting and Professional & Business Services industries.

Aside from traditional occupiers, the IT-BPM industry is also considered as one of the main drivers of office spaces in Davao City, accounting for 24.8% of the total occupied spaces in the area. Both local and foreign IT-BPM firms are widely present in the city, particularly in the districts where the prominent IT parks are located. Companies such as Alorica, Teleperformance, Concentrix and VXI have kept occupied majority of the spaces in developments within the IT parks minimal as some of these companies lease out multiple floors or even the entire development. The office market was also buoyed by the IT-BPM industry in 2020 as new leases were mostly coming from these firms. Davao City is and will continue to attract these types of firms as it is considered as one of the more practical options due to cheaper operational costs with average rents only at PHP 607 per sqm per month, compared to Metro Manila and Metro Cebu at PHP 1,098 and PHP 629 per sqm per month, respectively. Also, the easily hireable quality pool residing in the city may entice more IT-BPM firms to locate in the area in the coming years.

Flexible workspace operators also show a growing presence in the city. Some of the notable flexible workspace operators found in Davao City include Regus and Skynora, which are located within the prominent IT parks in the area. Regus was the first major operator in the city when it opened its first facility in Damosa IT Park Topaz Tower in 2016. From then, the operator expanded to another site in the city, while other notable flexible workspace operators entered the market to take advantage of the growing demand in the area. Some providers cater to the expansion of IT-BPM firms, while SMEs and the freelancing community remain to be the top driver of these spaces. However, 2020 challenged the operators as they have struggled to maintain stable occupancy rates, resulting to some firms pulling out from their leased seats starting 2021.

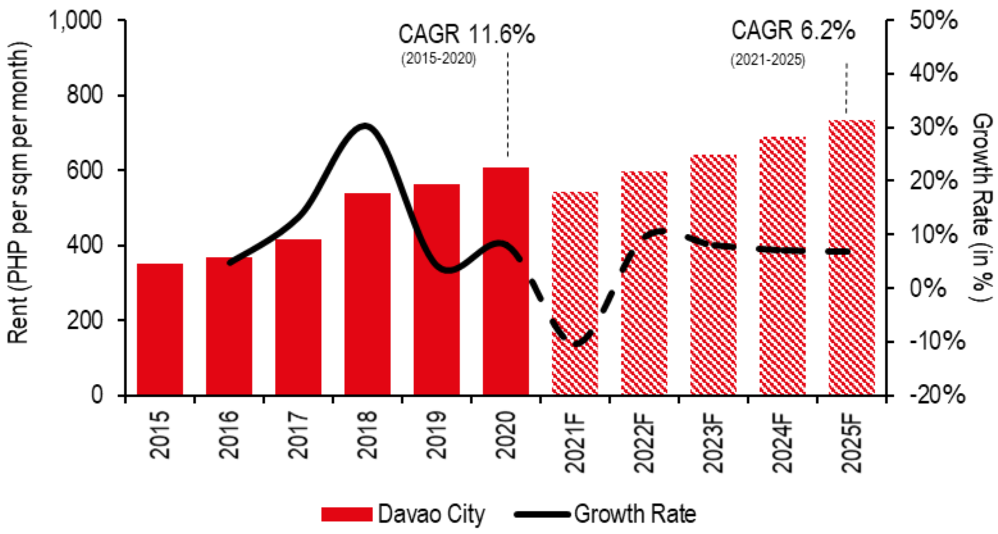
5.4.4 Rents

Historical rental performance in Davao City has been relatively stable with an average annual growth rate of 12.0% over the past five years. An uptick in rents was observed in 2018, up by 30.1% y-o-y, mainly driven by some well performing developments which have increased their rents, as well as newly completed buildings which commanded rents higher than the city average.

The average rental rate for a Grade A office was at PHP 644 per sqm per month by end of 2020, with an average annual growth rate of 10.3%. Meanwhile, Grade B developments rents stood at PHP 517 per sqm per month in the end-2020, with an average annual growth rate of 9.3%. Despite the slowdown in demand, Grade A still saw an increase of 7.3% y-o-y in rental rates as of end-2020, due to the completion of new supply by the end of the year. However, Grade B developments saw a decline of 3.7% y-o-y in rental rates as of end-2020.

A contraction is foreseen in 2021 where rents may go down by -10.5% y-o-y. This is due to the expanding vacancy rate forecasted in the same year as demand is still seen to be recovering, and supply is continuously rising with notable new completions. Nonetheless, the vaccine rollout is also seen to start in 2021 which may drive a rebound from 2022 onwards as investment and business sentiments improve.

Figure 5-48. Weighted Average Asking Office Rent – Davao City (2015-2025F)



Source: JLL Research and Consultancy

5.5 Tarlac City Office Market Overview

Tarlac City is the capital of the Province of Tarlac, predominantly agricultural in nature as it is one of the major sources of rice and sugarcane in the country. The city houses some of the biggest industrial parks in Central Luzon such as the Luisita Industrial Park where companies like Coca-Cola, DuPont, Phelps Dodge Inc., and Sanyo Capacitor Corporation are operating. The industrial park is also the location of the newly completed CentralHub – Tarlac, providing potential locators with quality warehouse and logistics spaces in the area.

The office property market in the city is still in its early stage, evidenced by the relative lack of quality office spaces as most developments are still dominated by traditional commercial buildings. Tarlac

City maintains to be an alternative site for firms expanding their operations outside Metro Manila and other neighboring business hubs such as Clark, as well as other emerging business districts within Pampanga and nearby provinces.

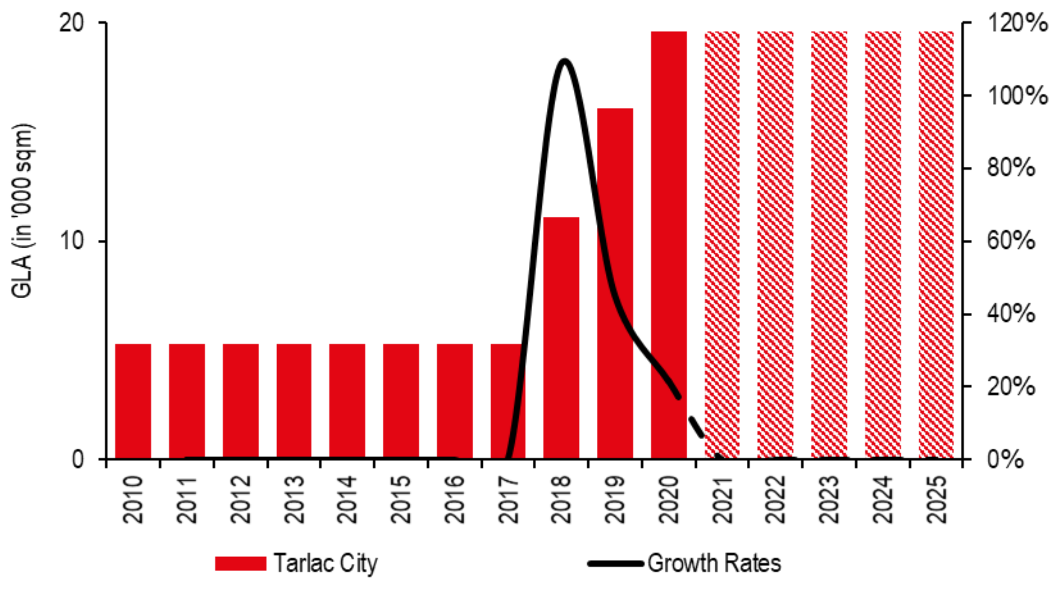
5.5.1 Existing Supply

The introduction of quality grade office spaces in the area has been slow with earlier years only seeing commercial buildings with some spaces tenanted by smaller companies such as banks and local BPO firms. These firms have occupied spaces in commercial buildings due to the overall lack of formal spaces in the city. With the slow but steady growth of the office market in Tarlac City, Grade B buildings, such as those found in Robinsons Luisita, as well as Grade C developments with the likes of La Maja Rica Business Centre, have started to enter the area. To date, office supply in the area are still mostly lower grade developments, while the participation from commercial buildings offering spaces that can be occupied by office tenants are still prevalent in the market. Overall, there is an observed absence of Grade A office developments in the city.

The total existing office supply in Tarlac City stood at 19,570 sqm by end-2020, all coming from the three office buildings within the Robinsons Place Luisita complex, as well as the office floors within the Robinsons Luisita Mall. Unlike other markets where most of the quality office space is speculative build, majority of the existing office supply in the city are build-to-suit (BTS) developments. The presence of Grade C offices and commercial buildings housing office spaces is evident in the city which characterizes the relatively developing office market in the district.

Robinsons Luisita Mall opened its mall-based spaces specially allocated for IT-BPM firms in 2009. With the growth of the IT-BPM industry in the city, the developer entered into a BTS agreement with a notable IT-BPM firm which eventually became the Robinsons Luisita 1, completed in 2018. Two more succeeding BTS buildings were completed in 2019 and 2020, respectively with the latest development housing around 3,500 sqm of office space.

Figure 5-49. Office Cumulative Supply – Tarlac City (2010-2025E)



Source: JLL Research and Consultancy

5.5.2 Future Supply

Supply of office developments in Tarlac City is seen to remain unchanged at 19,570 sqm by end-2025. The recorded commercial spaces that can be occupied by office tenants in the pipeline are V Plaza and EBY Annex V, which are both commercial developments offering approximately 1,100 sqm of leasable commercial space combined upon their completion in 2021. V Plaza is owned by the Pascual Group of Companies, while EBY Annex V is the fifth building by EBY Ventures Enterprises, Inc. in the city.

The slower introduction of new and quality office spaces in Tarlac City may suggest the relative lack of office interest in the area at present. Further, the presence of the nearby and more established Clark serves as a direct competition to the city. The area is considered one of the emerging urban centers outside of Metro Manila where there is growing interest from both developers and occupiers. Meanwhile, Tarlac City is foreseen to remain industrial-driven in the next few years as office developers and locators prioritize setting foot in more established business hubs.

5.5.3 Net Absorption

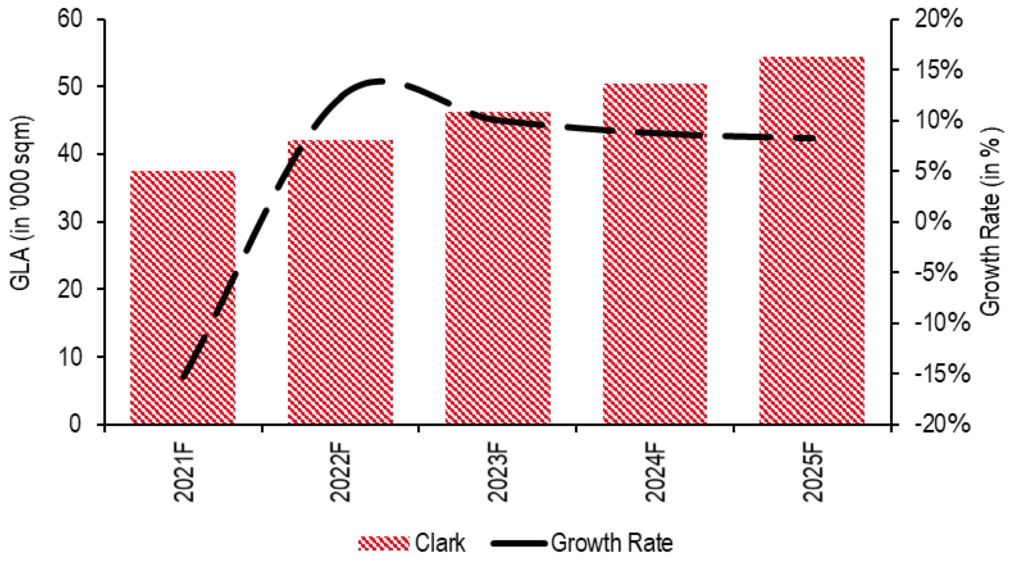
Tarlac City maintained a positive net absorption in 2020, reaching 3,500 sqm take up for the year, mainly coming from the newly completed BTS building within the Robinsons Place Luisita complex.

Due to the limited data available for Tarlac City, we examined the performance of nearby and/or comparable office markets to serve as proxy. In this case, we examined Clark given its close proximity to Tarlac City and broad similarity in terms of market development. Clark started out as an industrial hub before seeing the entrance of more office buildings in the area in 2016. Office buildings in the area were mostly lower grade developments in 2013 to 2016, primarily Grade B office buildings found within the SM City Clark Techhub complex. The year 2017 saw the completion of several notable office developments within Clark such as the first buildings within the West Aeropark and WorkPlus complexes, as well as additional towers within the SM City Clark Techhub. The market is also primarily driven by the IT-BPM industry who takes up multiple office floors or entire developments in the district, similar to what is observed in the Tarlac City market. The introduction of big scale township developments in the coming years, particularly the New Clark City, is set to bring more attention in the region which might trigger the entrance of more office developments in the area.

Specifically, we looked at the five-year historical net absorption of Clark and forecasted its five-year performance using the same model that has been adapted in the previous projections. The arrived growth rates from the forecasts were used to project the growth of the Tarlac City market. We note that adjustments were applied in the Tarlac City projections to better reflect market conditions in the city which is at the relatively early stages with limited, lower quality office buildings operating in the area.

Average annual growth rate of net absorption in Clark from 2021 to 2025 is estimated at 4.8% with 2021 recording a -15.4% dip y-o-y. Nonetheless, demand for succeeding years is seen to expand, growing by 8.3% to 12.3% y-o-y.

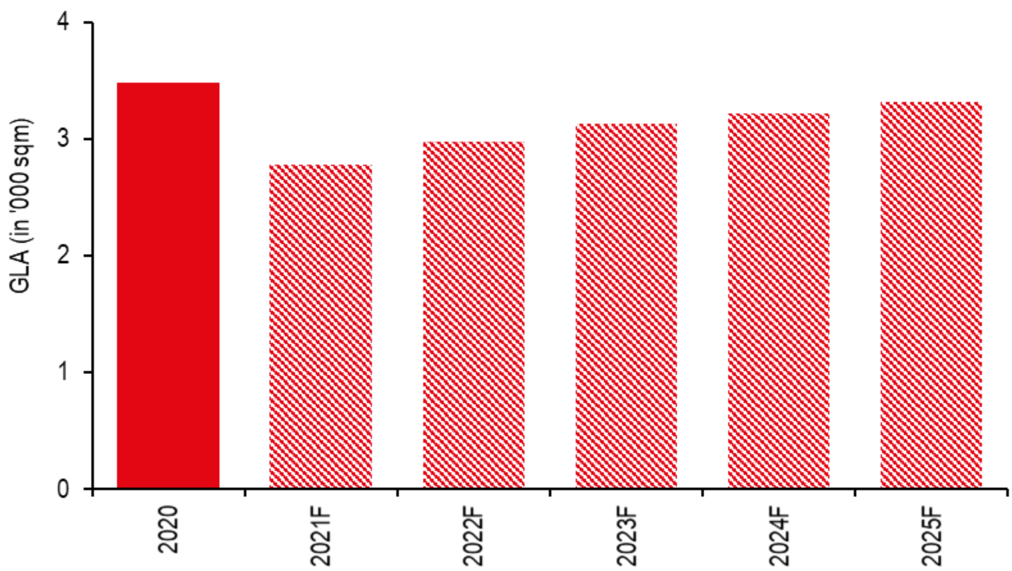
Figure 5-50. Forecasted Net Absorption – Clark (2021F-2025F)



Source: JLL Research and Consultancy

Extrapolated projections show that the office market in Tarlac City may experience a slower net absorption in 2021 before seeing a gradual improvement from 2022 onwards. The slowdown in 2021 may be attributed to the weaker business sentiments as uncertainties are still widely felt in the market due to the impact of the pandemic. The vaccine rollout starting 2021 is seen to fuel business interests in the succeeding years as seen by the incremental uptick of net absorption from 2022 to 2025. Although we are seeing a recovery of the market in 2022 until 2025, we do note that the improvement in demand y-o-y is seen to be minimal which reflects the developing office market in Tarlac City. Preference of locators for other more established economic districts such as Metro Cebu and Davao City, and most importantly the neighboring Clark, are also tapering the demand for Tarlac City, ultimately affecting the relatively slow growth of net absorption in the area.

Figure 5-51. Current and Forecasted Net Absorption – Tarlac City (2020-2025F)



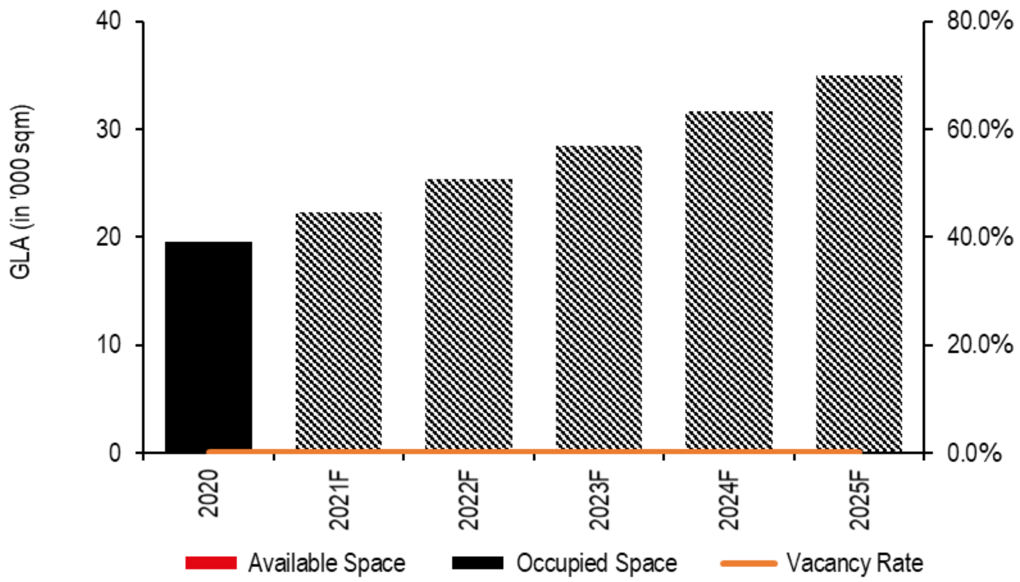
Source: JLL Research and Consultancy

5.5.3.1. Vacancy Rate

Because of the build-to-suit arrangement of Grade B buildings in Tarlac City, average vacancy rates of quality offices in the area is at 0.0% as of end-2020. Likewise, Grade C developments also recorded 0.0% vacancy rate as of 2020.

Forecasts on vacancy rates of quality developments are seen remain at 0.0% from 2021 to 2025 due to the positive movement in net absorption, coupled with the absence of upcoming Grade A and B office buildings in Tarlac City.

Figure 5-52. Current and Forecasted Vacancy Rate for Tarlac City (2020-2025F)



Source: JLL Research and Consultancy

5.5.3.2. Pre-commitment Rate[5]

There are no recorded upcoming Grade A and B office development in Tarlac City post-2020, and thus pre-commitment rate is at a 0.0%. Meanwhile, upcoming commercial developments recorded an average pre-commitment rate of 7.8% as of end-2020. Pre-committed spaces in commercial buildings are mostly smaller units, usually occupied by local merchandise tenants.

5.5.3.3. Demand Profile

The tenant mix for Grade B office developments in Tarlac City is solely made up of IT-BPM firms, specifically Sitel, who entered into a build-to-suit agreement with RLC for three of their sites within the Robinsons Place Luisita complex.

Sitel expanded their operations in Tarlac City last 2015 with their first site found in Robinsons Luisita 1. Two more buildings were completed in 2019 and 2020 to be able to accommodate more

[5] Pre-commitment rate refers to the percentage of the upcoming stock that has been leased prior its completion. This takes into consideration all upcoming developments that has been announced and opened to the market during that year.

manpower that came with the expansion of their operations[6]. The newest tower houses approximately 1,500 workstations, bringing the total number of employees that can be housed in the three towers to approximately 4,000 employees[7], making it one of the biggest IT-BPM firms operating in Tarlac City. The company is taking advantage of the quality of the available workforce in the area, coupled with the strong support from the LGU[8], making the city an ideal location for their sites. The overall cheaper rates found in Tarlac City, coupled with the firm's strong relationship with the developer, also aided the expansion of Sitel in the city.

The firm announced that they are still looking at expanding their sites within Tarlac City, further driving the growth of the office market in the city.

On the other hand, notable tenants operating in Grade C office developments with the city includes iQor and Sumisho Motor Finance Corporation.

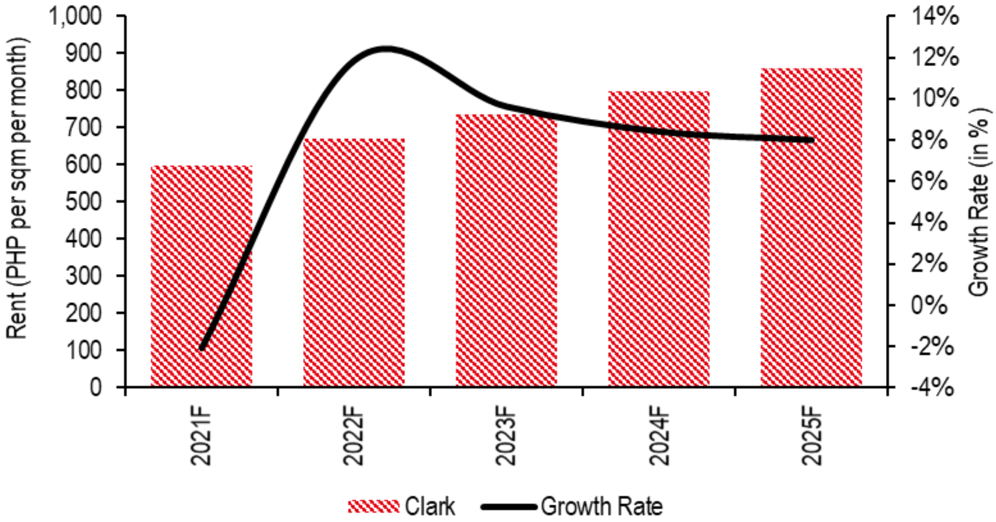
5.5.4 Rents

Average rents of Grade B office buildings in Tarlac City is at PHP 375[9] per sqm per month, from the converted mall space in the Robinsons Luisita Mall. The three other office towers are under a BTS arrangement which may likely be higher than the headline rate to account for the cost of development. Meanwhile, Grade C and commercial developments command cheaper rents at PHP 308 per sqm per month as of end-2020.

Similar to net absorption, projections on rents are based on the movements of the same in the Clark market due to the similarity of the office market as well as the proximity of these two areas. The five-year historical rental performance of the Clark market was used to forecast its performance in the next five years. Using the same model utilized in the previous forecasts, the average annual growth rates of rents in Clark is estimated at 7.2%. A contraction is seen in 2021 due to the slowdown in demand, although will immediately pick up in 2022 until 2025 as business activities stabilize.

[6] https://www.robinsonsland.com/sitel-continues-to-expand-with-third-tarlac-office-opening-with-robinsons-land/
[7] ibid
[8] ibid
[9] Headline asking rents prior lease.

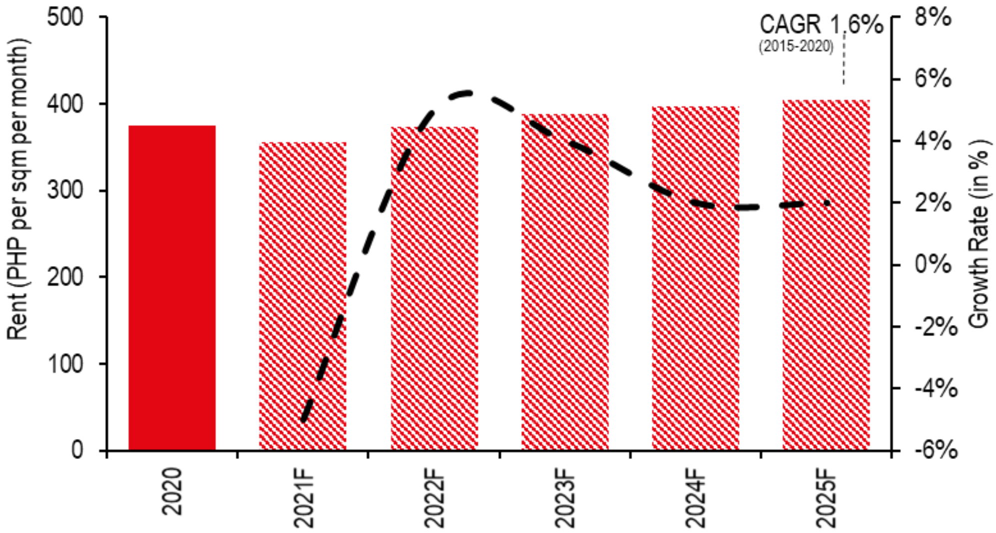
Figure 5-53. Weighted Average Asking Office Rent – Clark (2021F-2025F)



Source: JLL Research and Consultancy

Discounts on the forecasted growth rates of Clark were applied to account for the lesser established status of the office market in Tarlac City. Results of the forecasts show that rents may experience an incremental contraction by 2021 to account for the slow down on net absorption as business sentiments remain weak due to the pandemic. With interest slowly recovering driven by the vaccine roll out starting 2021, performance of rents is also seen to experience an uptick starting 2022 before reaching a stable rate by 2023 to 2025. It is worthy to note that the improvement on rents is kept at a minimal, averaging at 1.6% over the next five years which shows that the Tarlac City office landscape may still be considered as a premature market especially with developers prioritizing expanding their office portfolio in key provincial urban centres in the country such as Metro Cebu, Davao City, and the nearby business district in Clark.

Figure 5-54. Weighted Average Asking Office Rent – Tarlac City (2021F-2025F)



Source: JLL Research and Consultancy

5.6 Naga City Office Market Overview

Naga City, located at the heart of Bicol, is considered as the center of education, commerce and industry in the region. Naga City was cited in 2014 as the most business-friendly city by the National Competitiveness Council (NCC), backed by having best practices in the fields of government efficiency, economic dynamism, and infrastructure, which is supported and agreed by the entrepreneurs in the region.

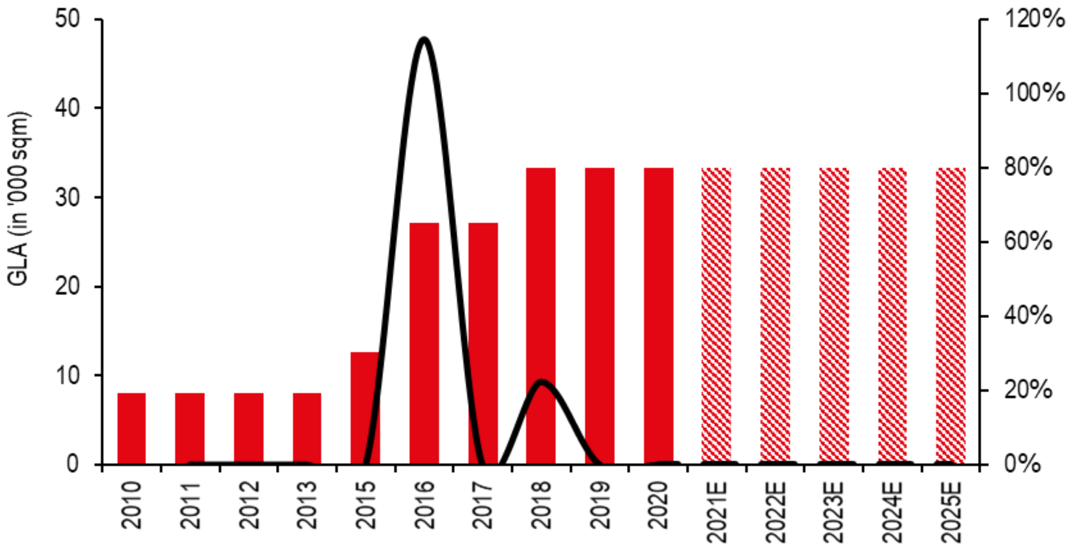
Over the past decade, business activities in Naga have grown, backed by increasing commercialization of the city. However, the office property in the city is still in its developing stage, as the area lack of Grade A and B offices spaces as most of developments are mixed-use and commercial in nature.

5.6.1 Existing Supply

The total existing supply in Naga City reached 33,200 sqm by the end-2020, recording an average annual growth rate of 19.4% in the past ten years. In the early 2000s, business activities in Naga City were concentrated in its oldest business district, known by locals as the Centro. It is also known as the traditional commercial hub of the city with a heavy concentration of commercial buildings with the likes of the Annelle Building and Monzon Commercial Building which offered spaces that can be tenanted by both office and retail businesses. The city continued to witness elevated business activities which resulted to additional growth areas such as Roxas-Panganiban Growth Triangle/CBD II where major retail malls and IT-BPM owner occupied buildings were found.

However, the office market in the city is still considered to be at the developing stage given its slow and sporadic movement over the past decade. Majority of the existing office supply in the Naga City are Grade B buildings such as the owner-occupied buildings of Concentrix and IBM Plaza, as well as Cybergate Naga. The overall lack of Grade A buildings in the area can be attributed to the presence of more established emerging business hubs in the country like Metro Cebu and Davao City which are being prioritized by big developers due to the more advanced market found in these districts.

Figure 5-55. Office Cumulative Supply – Naga City (2010-2025E)



Source: JLL Research and Consultancy

Looking at developer share, only one national player is present in the area, namely RLC who accounts for 14.2% of the total office space in the city. Meanwhile, IT-BPM firms such as Concentrix and IBM have their own office buildings in the area, accounting for 33.9% and 10.7% of the total office market share in Naga City, respectively.

Table 5-16. Top 4 Developers of Existing Office Developments in Naga City (as of 4Q20)

Rank	Developer	% Share	In SQM	Grade A	Grade B
1	IBM (Owner occupied)	33.9%	14,600	0.0%	43.6%
2	Adolfo L. Olivan Marketing Corporation	18.9%	8,100	0.0%	24.3%
3	Robinsons Land Corporation	14.2%	6,100	0.0%	18.3%
4	Concentrix (Owner occupied)	10.7%	4,600	0.0%	13.8%

Note: Figures are rounded off to nearest hundreds
Source: JLL Research and Consultancy

5.6.2 Future Supply

There is no recorded upcoming office supply in Naga City for the next five years as office development activities in the city were still relatively slow. Most of the observed investment activities geared towards the city leaned towards commercial developments which house spaces that can be used by both retail and office tenants. Furthermore, Naga City's office market is still at the developing stage as only one major developer has set shop in the area, and the presence of smaller local players is more evident.

5.6.3 Net Absorption

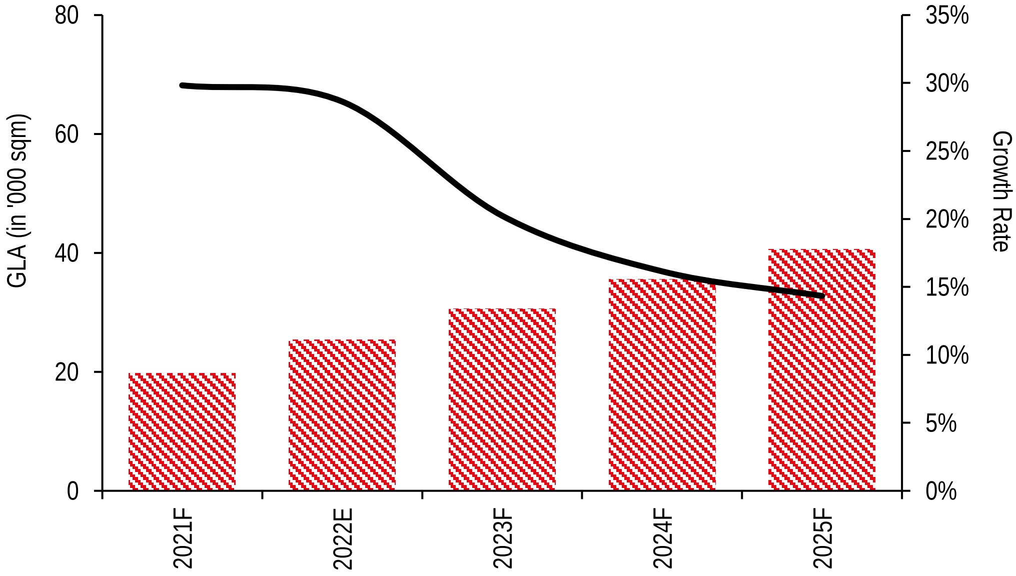
The net absorption for Naga City was at zero/unchanged as there was no movement in office take up and supply in 2020.

Similar with the approach done for Tarlac City, we took a look at the performance of comparable markets to serve as guide for our forecasts on the Naga City office market. Due to its similarities to the Davao City market, we examined the performance of the office market in Davao City to glean insights on the possible trends of the Naga City landscape in the coming years. Both Davao City and Naga City were considered as the center of trade and commerce in their own respective regions. The office market in Davao City started out with a proliferation of Grade C buildings and commercial developments such as the Insular Life Davao, Golden Bell Building, and the Damosa Business Center which were some of the older developments in the city. The entrance of the IT-BPM sector, coupled with the pick-up of demand from corporate occupiers, led to the introduction of Grade A and Grade B office buildings when the market eventually improved. This trend is also seen in Naga City, although still at the early stages, with lower grade and commercial buildings making up majority of the market, and IT-BPM firms setting foot in the area and building their own developments which may improve the office landscape in the city in the coming years. .

We also took a look at the five-year historical and five-year forecasted net absorption for Davao City and applied this to the forecasts for the performance of the Naga City office market. Adjustments were applied, however, to account for the relatively premature office market in Naga City as compared to the one already found in Davao City.

Forecasts on net absorption for Davao City resulted to an average annual growth rate of 21.8% with all years seeing demand expanding as growth rates range from 14.3% to 29.8% y-o-y.

Figure 5-56. Forecasted Net Absorption – Davao City (2021F-2025F)



Source: JLL Research and Consultancy

Forecasts show a relatively slow movement for the office market in Naga City, although still an uptick compared to its 2020 performance. Overall weaker business sentiments driven by uncertainties still felt in the market are the primary reasons as to why improvement of the office performance in the city is projected to be improve slowly. Moreover, emerging business hubs such as Metro Cebu and Davao City are usually the top-of-mind locations for possible expansion outside Metro Manila due to a more established and stable business presence in these areas. Despite the incremental take-up over the next five years, the Naga City office market is still projected to grow and expand as more small and large companies set foot in the city.

Figure 5-57. Current and Forecasted Net Absorption – Naga City (2020-2025F)

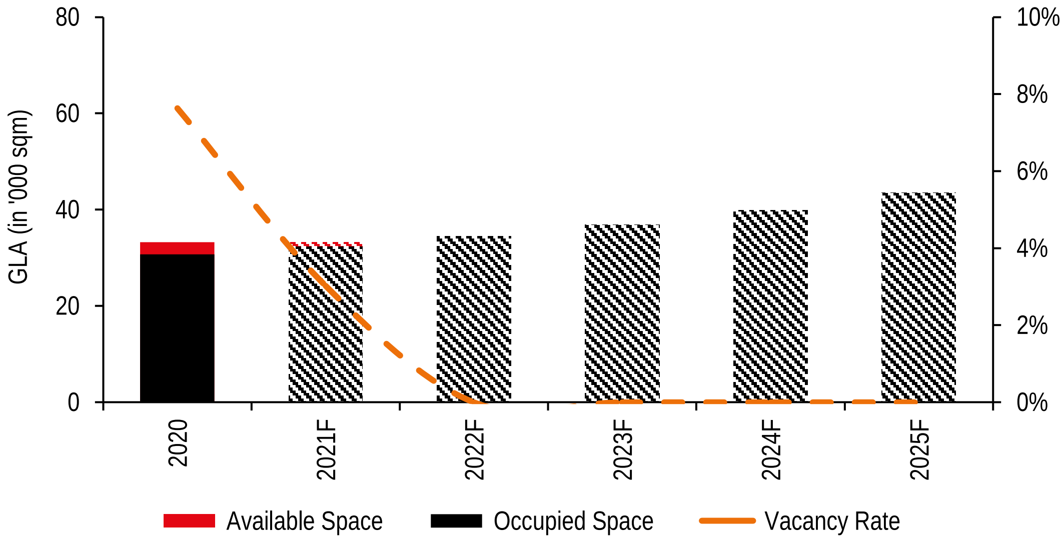
Source: JLL Research and Consultancy

5.6.3.1. Vacancy Rate

Average vacancy rates in Naga City settled at 7.6% as of end-2020 wherein the ANR Business Center, a relatively older development, accounting for all vacant spaces in the area. Meanwhile, newer and quality developments such as Cybergate Naga is already fully leased as of end-2020, mirroring the presence of demand for quality spaces in the city. On the other hand, the buildings of Concentrix and IBM Plaza are owner-occupied and thus, no vacancies are seen in these developments.

Forecast on vacancy rates of quality developments in Naga are projected to hit 0.0% starting 2022, as net absorption continued to grow while office supply remains stagnant with no developments in the pipeline in the next five years.

Figure 5-58. Current and Forecasted Vacancy Rate for Naga City (2020-2025F)



Source: JLL Research and Consultancy

5.6.3.2. Pre-commitment Rate[10]

There is no recorded upcoming office development in Naga City post-2020, and thus pre-commitment rate for office space is at a 0.0%.

5.6.3.3. Demand Profile

Most Grade B offices in Naga City are solely occupied by IT-BPM firms, specifically Concentrix and IBM who have their own developments in CBD II. Meanwhile traditional occupiers are usually located in lower quality offices and some are in commercial spaces.

Naga City was recognized as one of the next wave cities for IT-BPM industry, as it is vastly conducive for outsourcing businesses as well as trades that do not necessitate transportation. However, IT-BPM industry in Naga City is still young, as it only started to grow in in the late 2000s. Most of the IT-BPM firms locating in the area were putting up their own office buildings. Concentrix opened its one

[10] Pre-commitment rate refers to the percentage of the upcoming stock that has been leased prior its completion. This takes into consideration all upcoming developments that has been announced and opened to the market during that year.

of the regional sites in a two storey building in CBD II in 2014. Likewise, IBM started to lease its own complex in Naga in 2016, which is also found in CBD II. Meanwhile, Quantrics occupies spaces in Cybergate Naga since 2017.

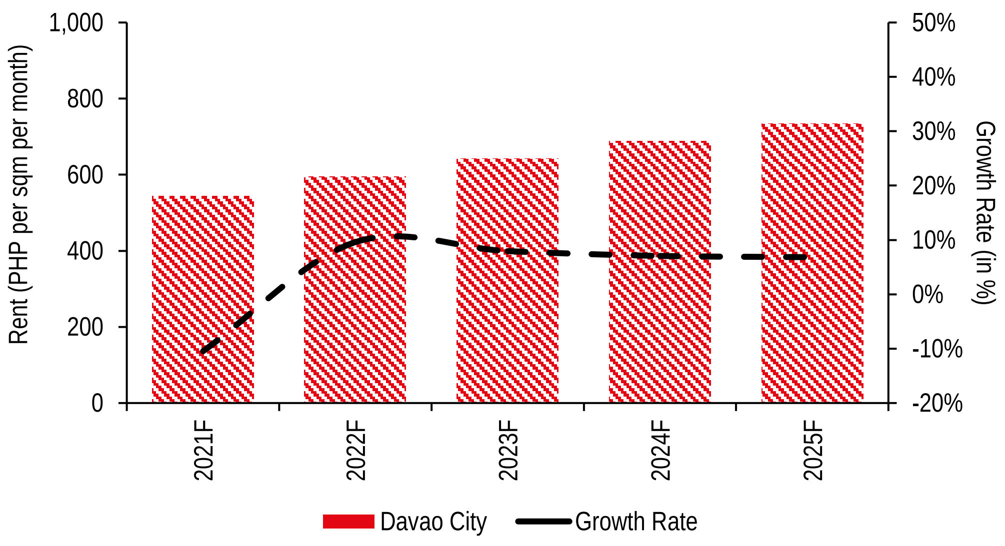
5.6.4 Rents

Average rent for quality grade office in Naga City is at PHP 270 per sqm per month, commanded by the Cybergate Naga of RLC and ANR building that has leasing activities, as some Grade B developments were owner-occupied.

Rents for most Grade B buildings in the area are usually at PHP 200 per sqm per month. However, Cybergate Naga is pulling up the overall average, with headline rate of PHP 400 per sqm per month, owing to the quality of the space and it being owned and managed by a major developer with a proven track record.

Forecasts on average rents for Naga City also utilized the five-year historical and projected movements of the same metric in Davao City due to the similarities between the two markets as established in the previous sections. With the same model used for projecting rents in the previous forecasts, the extrapolated projected average annual growth rate of rents in Davao City is at 4.2%. A contraction of -10.5% y-o-y is observed in 2021 due to vacancy rates being elevated due to notable incoming supply scheduled to be completed in the same year. Rents are seen to recover by 2022 and stabilizing from then on, coinciding with the foreseen improvements on business sentiments and activities.

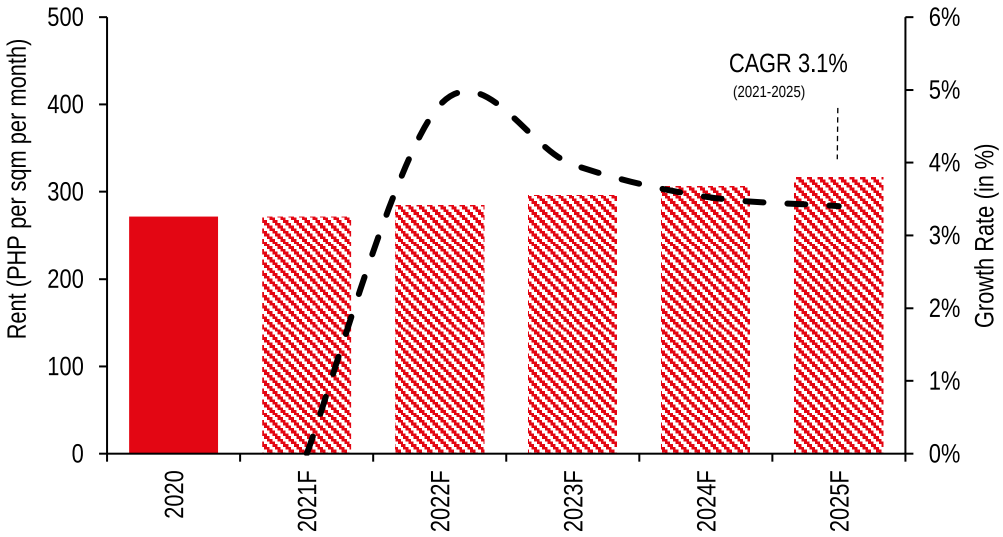
Figure 5-59. Weighted Average Asking Office Rent – Davao City (2021F-2025F)



Source: JLL Research and Consultancy

Growth rates extracted from the performance of the Davao City market were adjusted to reflect the current status of the office market in Naga City, which is still on its early stages, as seen on the quality of buildings found in the area. We foresee rents to remain stagnant in 2021 with the market still regaining traction from the effects of the pandemic. Nevertheless, rents may rebound starting 2022 onwards, backed by the improving business sentiments driven by the vaccine rollout in 2021.It should be noted that projections on average rents in Naga City is also kept at a minimal, recording an annual average growth rate of 3.1% over the next five years, which reflects our views that it will still be considered as a secondary location over the same timeframe since developers are focusing on expanding their portfolio in more active business markets in the Philippines.

Figure 5-60. Weighted Average Asking Office Rent – Naga City (2021F-2025F)



Source: JLL Research and Consultancy

5.7 Market Outlook

The Philippine office market experienced substantial growth over the past decade, characterized by the solid leasing and investment activity from both local and international players. This positive performance was supported by the robust economic performance reflected in the investment-grade credit status which enhanced the attractiveness of the country as an office destination. However, the pandemic brought uncertainties and dampened business sentiments, causing the industry to slowdown.

The industry response which characterized most of 2020 was of managing risks and adapting to the next normal. The tail-end of 2020 saw stakeholders adapting better to the current fluid environment, though market sentiment remains weak. At present, subdued office activity is anticipated to weigh down on the short and medium-term performance of the office sector as occupiers and investors are constantly evaluating their current and future space portfolios, and thus have put majority of real estate plans on hold.

We anticipate supply side to remain thin in the medium-term as developers remain focused on keeping stable occupancy levels while gauging demand recovery for timing of new projects. In addition, the projected elevated vacancies across markets is expected to temper supply expansion and lend support to the recovery of office demand.

Office rents are foreseen to remain muted in 2021 as the market relies on interim sources of demand, pushing landlords to remain competitive with their offers. However, this is seen to pick up gradually in the succeeding years once activities from major demand sources started to stabilize, coupled with the re-entry of other businesses.

There are currently mixed views on the future of office space across occupiers, although we note that the focus on health and safety, as well as costs and space optimisation, serve as shared elements that underpin real estate decisions. These factors are already evident and continue to shape office portfolio views.

On the health and safety element, we anticipate the heightened sanitation and health standards continuing post-pandemic. We also expect renewed and increased interest towards wellness and sustainability by occupiers which may lead to a greater demand for better quality spaces. As response, we may see a wider market adoption of LEED, BERDE, and/or WELL certifications among developers to support ESG goals by their tenants.

Meanwhile, cost management and space optimisation may further drive global outsourcing where the Philippine IT-BPM sector may be a beneficiary, given its prominence as one of the hotbeds for outsourced services. This may buoy office demand in the medium to long term, although we project sustained downsizing and release of office spaces by occupiers in the near term, especially from IT-BPM firms given their greater emphasis on savings and maintaining margins.

The current work from home arrangement is impacting space requirement and design especially with some occupiers finding success under this arrangement. Still, there is no clear consensus on the adoption of remote work with whether in the form of full remote work or a hybrid work arrangement of select days in the office or at home. Further, there is still a large number of corporates IT-BPM firms that consider real estate as an integral backbone of their operations which may suggest the potential growth in office demand over the long run. Select key factors that influence this view are: productivity dip which may be a function of the absence of strong infrastructure to support work (e.g. good internet connectivity and lack of dedicated work station) and employee well-being (e.g. distractions at home and fatigue), compliance requirements, data security, and costs (e.g. logistics and investment in home infrastructure). These factors are more pronounced for IT-BPM firms given their strong compliance requirements for their clients and focus on productivity. We may see these firms employing a hybrid model which uses a combination of a work from home set-up and on-site work. The hybrid work arrangement will address the concerns brought about by the work-from-home arrangement such as unstable internet infrastructure, data privacy concerns and work-from-home fatigue, as well as put forward the safety and well-being of employees.

A potential trend as a result of cost rationalisation and the need for a workspace is decentralisation where occupiers may split their current and future spaces, keeping their headquarter office and the rest spread across multiple sites in more affordable locations that are closer to their talent to ensure productivity. In the interim, we may see some office demand spill over to flexible workspaces as a way for occupiers to easily scale (up or down) their operations while managing costs as they decide on their long-term real estate play. This demand spill over may impact take-up within and outside Metro Manila, especially in established districts such as Metro Cebu and Davao which are as some of the preferred destinations as entry or alternative locations due to comparable and competitive facilities and talent pool.

The speed of the vaccine rollout and the impact of the same on the market remains as a tipping point for occupiers with regard to their real estate decisions. The difference in the timelines of the inoculation across various geographies may likely create an uneven recovery of demand, with areas first vaccinated leading the recovery. This recovery is also influenced by industry, whether MNC or local, and operational readiness of the organization. Currently, we may see greater activity from the tech and e-commerce sector while those that are heavily impacted by the pandemic such as retail and tourism may lag behind. The IT-BPM demand may see gradual recovery behind efficiency maximisation of current portfolio coupled with staggered expansion in the medium term from both existing and new entrants to the market.

Overall, the near-term office landscape in the Philippines is anticipated to remain subdued with a gradual acceleration tied to the vaccine rollout and effectiveness. A stronger rebound may be seen in the medium term as markets and business stabilize combined in line with the gradual easing of the global economy. The office space may change but is expected to remain relevant which would support the long-term prospects of the office sector.

6.0 PROFILE OF SELECT RLC PROPERTIES

RLC is recognized as one of the leading and most reputable real estate developers in the Philippines with various notable projects including office buildings, vertical and horizontal developments, retail shopping malls and commercial centres, and hotels under their portfolio. The developer has established its footprint in different parts of the country, specifically in the key business centres and other major urban areas nationwide. It serves as the real estate arm of its parent company, JG Summit Holdings, Inc. (JGS) which is known as one of the major conglomerates operating in the country that is present in various fields such as fast moving consumer goods, telecommunications, air transportation and financial services, among others.

The REIT Co, RL Commercial REIT, Inc. (RCR) has 14 office properties under its portfolio, spread across key areas in the Philippines. The following section tackles the profile of the properties to be listed located in Makati City, Taguig City, Pasig City, Mandaluyong City, Quezon City, Cebu City, Davao City, Tarlac City, and Naga City.

Table 6-1: RLC Properties to be Listed

City	Development	Building Grade
Makati City	Robinsons Summit Center	A
Taguig City	Cyber Sigma	A
Pasig City	Robinsons Equitable Tower	A
	Cyberscape Alpha	A
	Cyberscape Beta	A
Mandaluyong City	Cybergate Center Tower 2	A
	Cybergate Center Tower 3	A
Quezon City	Tera Tower	A
	Exxa-Zeta Tower	A
Cebu City	Robinsons Cybergate Cebu	B
	Robinsons Galleria Cebu Office	A
Davao City	Cybergate Delta 1	A
Tarlac City	Robinsons Luisita 1	B
Naga City	Cybergate Naga	B

Note: Building grade classifications are from the Client
Source: Robinsons Land Corporation

6.1 Robinsons Summit Center

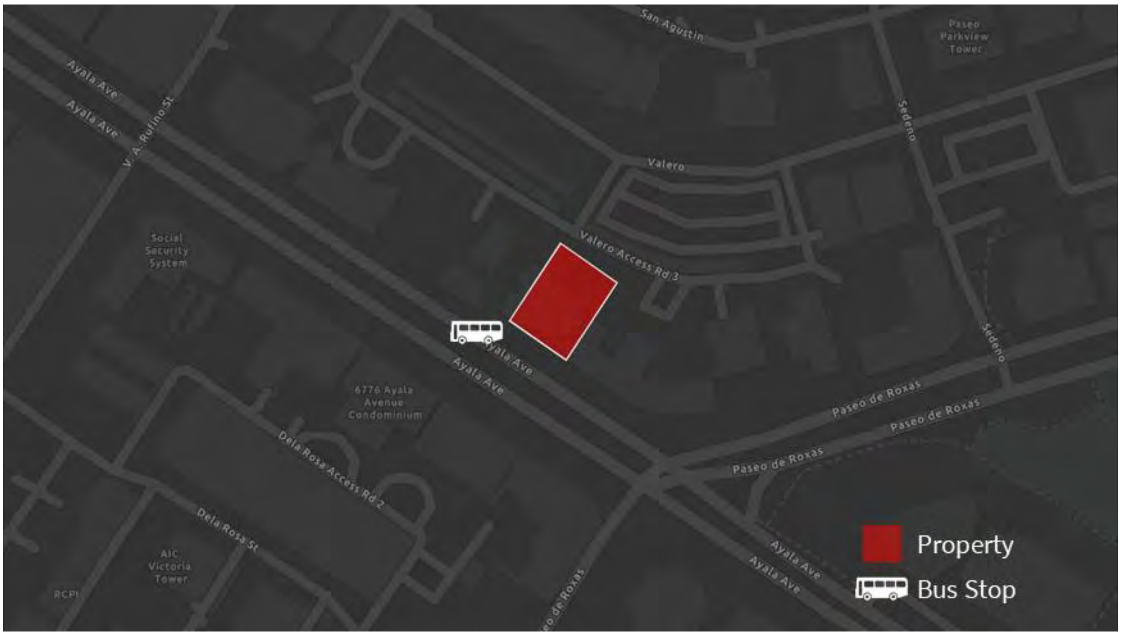
6.1.1 Location and Property Details

Robinsons Summit Center is standing at 37-storeys high with a total office GLA of approximately 31,400 sqm, each floor spanning about 1,050 sqm. It is capable to house 24/7 operations and with retail options found in the ground floor of the building, as well as neighbouring establishments. It was completed in 2001 and was considered as one of the flagship office developments in Makati CBD.

Almost half of the development is currently being occupied by POGO firms as it is one of the buildings which allows these operations within Makati CBD. The remaining half of the development is being occupied by traditional firms and IT-BPM firms such as the Hewlett Packard Philippines, and Avaloq Group, to name a few.

The development is located along Ayala Avenue which is the main thoroughfare in Makati City. It is bounded by Valero Access Road in the North, serving as the entrance point of the building's carpark for private vehicles, Insular Life Building in the East, The KPMG Center in the West, and Ayala Avenue in the South which serves as the main entrance for the employees and the commuting mass with the nearest stop only a few steps away from the Property. The building is located in the center of Makati CBD, and is around 7.5 kilometres away from the Ninoy Aquino International Airport, the gateway of the Philippines for visitors coming from other countries. It is also within a short distance from major commercial and institutional developments in the area such as the Glorietta and Greenbelt complex (2.5 kilometres away), Makati Medical Center (1 kilometre away), and the Makati City Hall (3 kilometres away).

Figure 6-1. Robinsons Summit Center Location Map



Source: ArcGIS, JLL Research and Consultancy

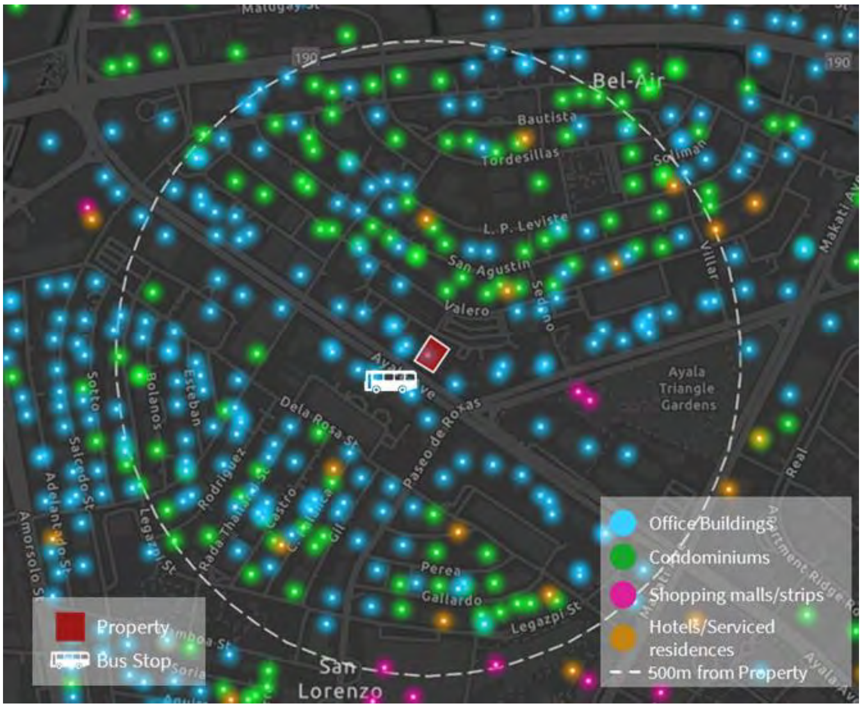
6.1.2 Neighbourhood Profile

Majority of the developments proximal to Robinsons Summit Center are also office buildings, particularly those found along Ayala Avenue. From a 500-metre radius from Robinsons Summit Center, these include the Insular Life Building, Prudential Bank Building, Oledan Building, First Bank Building, Tower 6789, PBCom Tower, PhilamLife Tower, and Philippine Saving Bank HQ, among others.

Several residential condominiums are also found within the neighbourhood of Robinsons Summit Center. Some of the nearby condominiums located near the property are the Cityland Herrera Tower, Easton Place, Ponte Salcedo, Valero Plaza, Le Grand Condominium, Cosmopolitan Tower, and The Cordova Condominium. All of these are relatively older developments, while The Stratosphere is a newly completed condotel development in the area. The Gentry by Ayala Land, Inc. is also seen to add to the roster of condominiums in the neighbourhood of the property upon its completion by 2022.

Meanwhile, major retail developments such as the Greenbelt complex and the Ayala Triangle Garden provide retail options to both the employees working in the nearby office buildings, as well as residents in nearby condominiums. Lastly, several serviced residences are found in the neighbourhood of the property housing long staying guests, mostly expatriates working in nearby multinational firms. Some of these developments include The Sphere Serviced Residences, Citadines Salcedo Makati, Picasso Boutique Serviced Residences, and Makati Diamond Residences, among others.

Figure 6-2. Robinsons Summit Center Neighbourhood Map



Source: ArcGIS, JLL Research and Consultancy

6.1.3 Accessibility

The building is accessible by commute, where jeepneys and UV Express Vans can traverse portions of the streets of Ayala Avenue and Paseo de Roxas, while buses are allowed to go through Ayala Avenue coming from EDSA, Gil Puyat Avenue, or Osmena Highway. Several stops for Public Utility Vehicles (PUVs) are available in the entire stretch of Ayala Avenue with the nearest stop located right outside Robinsons Summit Center, making it easily accessible for the commuting mass using jeepneys, UV Express Vans or buses on a daily basis. On the other hand, MRT Ayala is only a 15-minute walking time away from Robinsons Summit Center, providing other commuting options to the public. On the other hand, passengers of taxis and ride hailing platforms can be dropped off at the front of the building along Ayala Avenue as well.

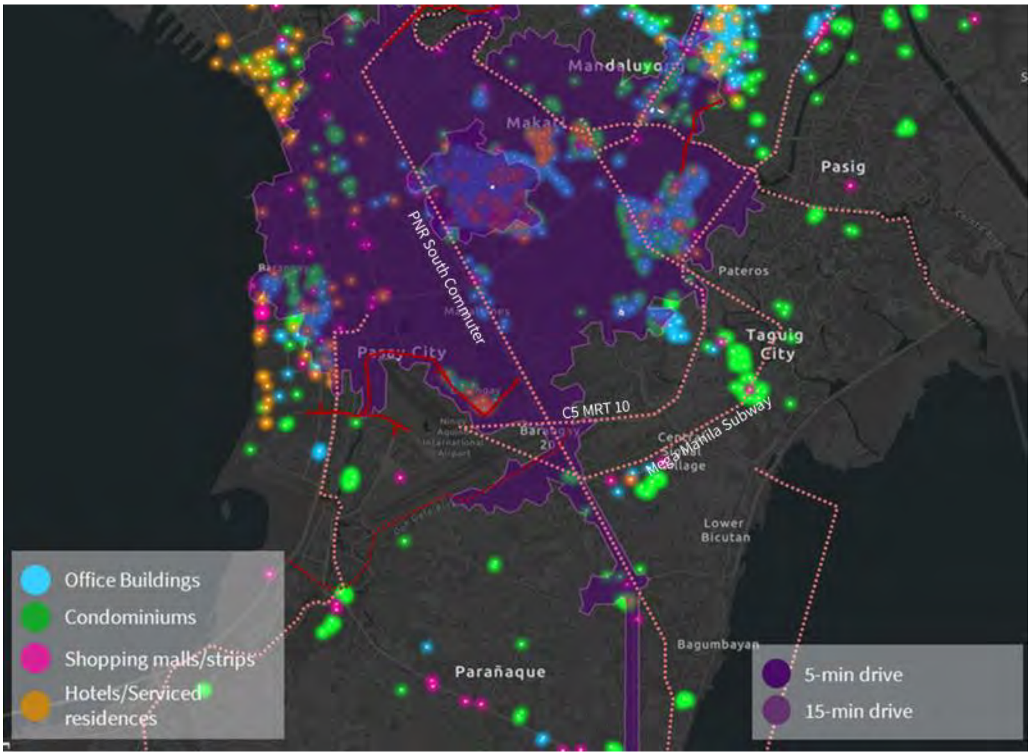
Figure 6-3. 5-, 10, and 15- minute walk time from Robinsons Summit Center

Source: ArcGIS, JLL Research and Consultancy

Robinsons Summit Center is also highly accessible for private vehicles. The property is along Ayala Avenue, the main thoroughfare in the city, and is within a 5-minute drive time from other major roads in the area such as Paseo de Roxas and Makati Avenue. Apart from this, various existing and upcoming big ticket infrastructure projects are within a 15-minute drive time from the property such as the Ninoy Aquino International Airport, and the upcoming NLEX-SLEX Connector Road, C5 MRT 10 Project, Mega Manila Subway, and the Makati Subway. Upon completion of these infrastructure projects, accessibility of the property will be greatly improved specifically for the commuting mass.

Access to and from other business districts is also good as BGC, MOA Complex, and Alabang can be accessed within a 15-minute drive time from the Property. This is especially important for firms with multiple locations as executives and employees can easily travel to and from various sites, making business process and transactions easier.

Figure 6-4. 5- and 15- minute drive time from Robinsons Summit Center



Source: ArcGIS, JLL Research and Consultancy

6.1.4 SWOT Analysis

Table 6-2: SWOT Analysis for Robinsons Summit Center

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location	Relatively older building	Retrofitting or redevelopment of the Property	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates		Infrastructure projects	Uncertainties stemming from the pandemic
Sizeable development			Uncertainties surrounding the POGO market
Grade A, PEZA-accredited development			Evolving office space requirements
Developer track record			

Source: JLL Research and Consultancy

A key advantage of the Property is its location, situated in the Makati CBD which is a premium business address with good access and strong presence of complementary developments. As discussed in the previous section, the Property is accessible to and from other business hubs and key districts within the metro which improves its appeal to prospective tenants. This is supported by good transport infrastructure connectivity and availability in the neighbourhood such as formal and informal public terminals, as well as the MRT station. There are also ongoing and upcoming infrastructure projects that would improve mobility into the area such as the NLEX-SLEX connector road , the C5 MRT 10 Project which would connect NAIA Terminal 3 to Quezon City, the Mega Manila Subway connecting Quezon City to Taguig City, and the Makati Subway which would connect the business districts in Makati City from SM Makati to the University of Makati.

It is worth noting that these same factors, namely, location in Makati CBD and the upcoming infrastructure projects also present threats to the Property. Makati CBD has a strong concentration of offices which presents as competition for the building. Similarly, the infrastructure projects, while benefitting the Property, are also expected to enhance other business hubs in the metro which may serve as competition for the Property.

Robinsons Summit Center is developed by RLC who has a proven track record across all types of real estate developments. The development boasts a sizeable GLA of about 31,400 sqm with a floorplate of around 1,050 sqm, making it ideal for industries requiring large spaces to accommodate high density operations such as the IT-BPM sector. However, the introduction of new supply within Makati CBD and other areas in the metro may impact the appeal of the Property towards prospective tenants who are seeking newer spaces. This may be addressed by the opportunity for retrofitting to ensure that the building incorporates new office design and elements that can cater to the potential change in future space requirements by occupiers. Also, the development's PEZA-accreditation status, coupled with it being a Grade A development, may still attract new occupiers especially with the market's renewed focus on quality developments.

The impact of the pandemic is anticipated to linger which may lead to a subdued office demand landscape, with occupiers downsizing or putting expansion plans on hold due to reasons such as the cost rationalization and work from home arrangements, among others. The uncertainties surrounding the POGO market may also heavily affect the Property given that almost half of the development is occupied by firms in this industry. Despite these threats, the Property recorded stable occupancy rate of about 77% as of end-2020, which puts it in a good position to face the weaker demand environment.

6.2 Cyber Sigma

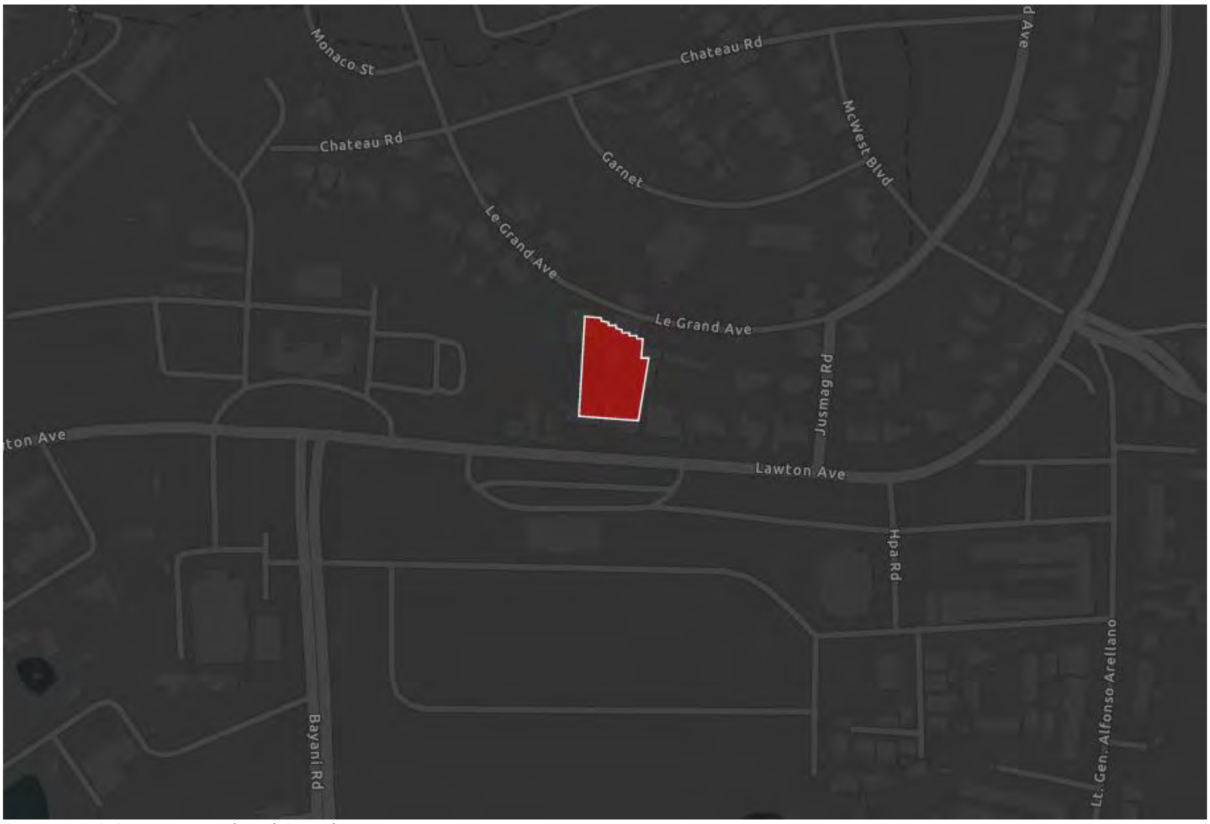
6.2.1 Location and Property Details

Cyber Sigma is a 21-storey development with 14 office floors, offering about 49,970 sqm of GLA to the market, with a floorplate ranging from 3,400 sqm to 3,500 sqm. The building is equipped with eight passenger lifts and a Variable Refrigerant Flow (VRF) air conditioning system. It is a relative new office building, completed in 2017, and is also capable to house 24/7 operations.

Around 90.6% of Cyber Sigma is occupied by IT-BPM firms and flexible workspace operators. Some of the key IT-BPM firms operating in the Property include the back offices of Ernst and Young Global Services (Philippines), Inc. DB Schenker Global Services Asia Pacific, Inc., and 24/7 Customer Philippines, Inc. On the other hand, flexible workspace operators such as KMC Solutions already has a sizeable presence in the development.

Cyber Sigma is located along Lawton Avenue and adjacent to McKinley West, one of the mixed-use districts in Taguig City. The Property is bounded by Le Grand Avenue in the North serving as the main entrance to the building's carpark as well as the entrance to some of the development's retail options, Lawton Avenue in the South which is the main drop off and entrance point of the building for employees and guests, Ten West Campus in the East and a vacant lot in the West. The Property is within a business hub in Taguig City, albeit secondary, and is about 2.6 kilometres away from BGC, the primary business district in the city. It is about 1.6 kilometres away from the Venice Grand Canal Mall, 3.7 kilometres away from the St. Luke's Medical Center BGC, 4.8 kilometres away from NAIA, and 5.1 kilometres away from SLEX.

Figure 6-5. Cyber Sigma Location Map



Source: ArcGIS, JLL Research and Consultancy

6.2.2 Neighbourhood Profile

The Property is surrounded by office developments, namely, the six office buildings under the McKinley West Campus, as well as Ten McKinley all by Megaworld Corporation (MEG). Besides office developments, several condominiums are also located within a 500-metre radius from the Property such as the The Albany, St. Moritz Private Estate, and Park McKinley West, all developments also by MEG. The majority of the neighbourhood of Cyber Sigma is being occupied by the grounds of the Philippine Army located just across the Lawton Avenue fronting the development.

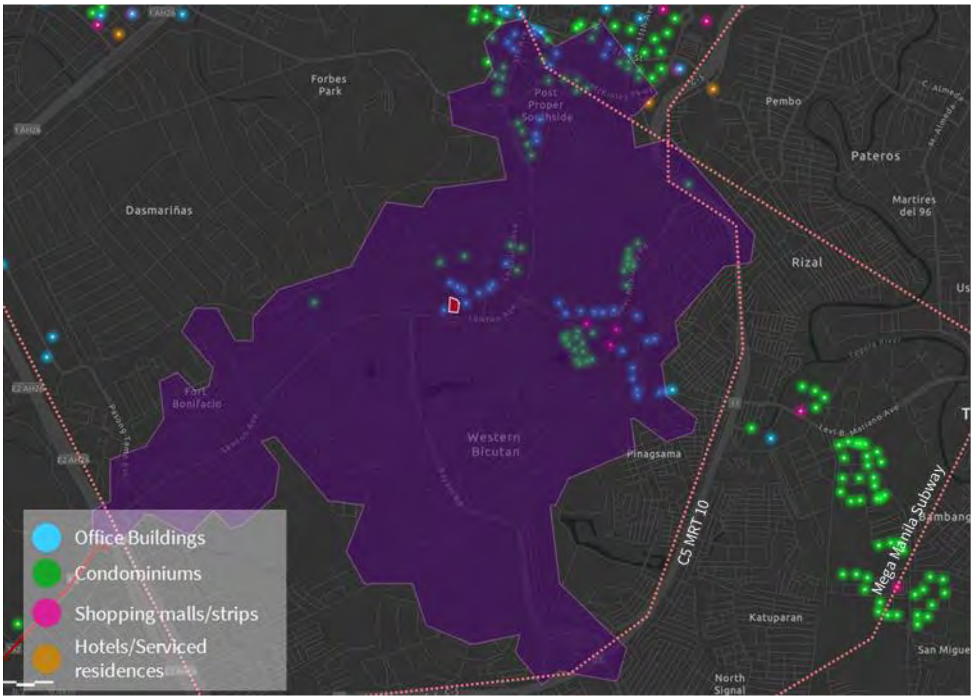
Figure 6-6. Cyber Sigma Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.2.3 Accessibility

Access to Cyber Sigma is through its main drop off point in the entrance along Lawton Avenue, while private vehicles can enter the building's car park thru Le Grand Avenue. Access to and from the Property for private vehicles is relatively easy since Lawton Avenue is directly connected to 5th Avenue in BGC, and is accessible for vehicles coming from SLEX. Both thoroughfares are only within only a 5-minute drive time away from Cyber Sigma. Also, the recent completion of Phase 1 of the Lawton Avenue widening is expected to ease the traffic experienced in the road, as well as facilitate more activities in the area.

Figure 6-7. 5-minute drive from Cyber Sigma



Source: ArcGIS, JLL Research and Consultancy

Although the Property has good accessibility for private vehicles, public commute is currently challenging. There are currently limited public utility vehicles that ply through McKinley West. There are some FXs and UV Express Vans which directly drops off in McKinley Hill coming from Makati, Alabang, Pasig and Marikina. However, majority take PUVs heading to BGC first before getting into a jeepney that can drop them off at the nearest stop in Cyber Sigma. The multiple rides needed to get to the property can be challenging for commuters especially in rush hours as this adds to both the waiting and travel time for the public. Besides these, Citylink buses with stops in the various townships by MEG can also be taken to get to the Property.

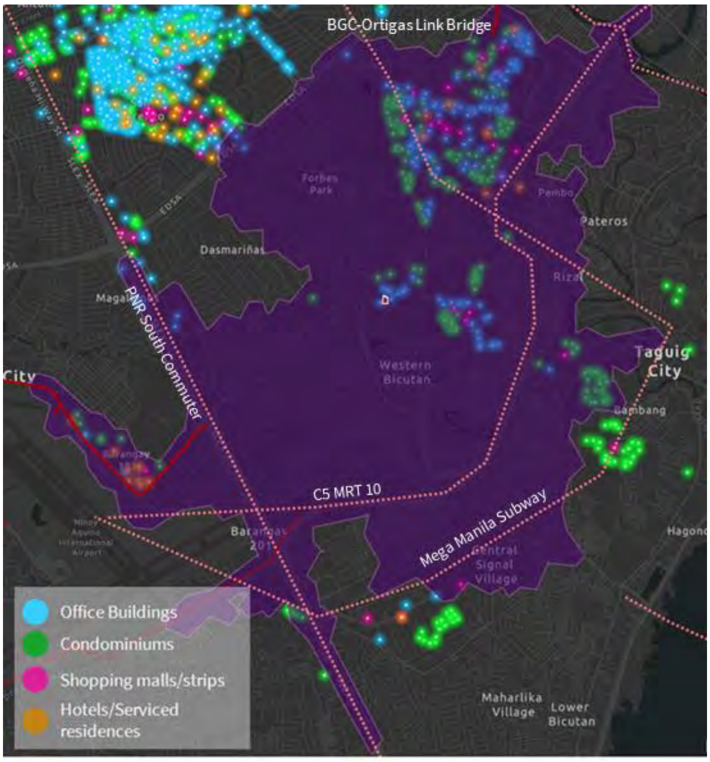
The completion of the Metro Manila Subway may help alleviate the challenge on general commute to the Property. The project will have a total of 15 stations connecting Quirino Highway in Quezon City all the way to FTI in Bicutan, Taguig City. Two stops in the rail network can be found in Lawton Avenue, with the Lawton East station approximately only a 3-minute walking time away from the Property, easing the burden of the commuting public to access Cyber Sigma.

Figure 6-8. 5-minute walk from Cyber Sigma

Source: ArcGIS, JLL Research and Consultancy

The completion of the Santa Monica – Lawton Bridge, more commonly known as the BGC – Ortigas Link Bridge, will further improve the accessibility and connectivity of the Property as it directly connects Lawton Avenue to Santa Monica Street in Pasig City via the Lawton Avenue – BGC Viaduct. The project is set to be completed and operational by the first half of 2021.

Figure 6-9. 10-minute drive from Cyber Sigma



Source: ArcGIS, JLL Research and Consultancy

6.2.4 SWOT Analysis

Table 6-3: SWOT Analysis for Cyber Sigma

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location for private vehicles	Accessibility for public transportation	Continued development of McKinley West	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates	Limited commercial developments to support needs of manpower	Infrastructure projects	Uncertainties stemming from the pandemic
Sizeable development			Evolving office space requirements
Grade A, PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

The Property is accessible for private vehicles traversing Lawton Avenue and/or Le Grande Avenue. However, as mentioned in the previous section, commuting to and from the development can be challenging for the commuters due to the lack of available public utility vehicles going directly to Lawton Avenue, as well as the multiple rides needed to get to the Property. The completion of the Metro Manila Subway may address this as the project will connect Quezon City to Taguig City with the nearest stop being a couple of steps away from the development. Likewise, accessibility for private vehicles can also be improved, especially from those coming from Pasig City, once the BGC – Ortigas Link Bridge has been opened for operations within the first half of 2021.

The Property is located beside McKinley West, a 34.5-hectare mixed use development by MEG. The development is relatively new with the first few developments being residential condominiums and offices. Currently, there is a lack of retail options in the immediate area with the nearest shopping mall to the development is Venice Grand Mall which is more or less a 15-minute walking time from Cyber Sigma. Other than this, the only commercial development that can support the immediate retail needs of the employees are the retail stores found in the ground floor of the office buildings surrounding the development.

Nonetheless, the development of McKinley West is expected to create spill over benefits to the Property. The addition of retail options can provide additional appeal to employees of tenants within the building. Further, the build-up of critical mass in the district can help attract talent that may help attract prospective tenants into the Property.

Cyber Sigma is a sizeable building, one of the biggest office buildings under RLC, housing around 49,970 sqm of leasable space and offers a large floor plate of around 3,400 to 3,500 sqm. Given its location, the Property would have to compete against other developments in nearby and more established districts such as BGC and Makati CBD. Apart from these, other emerging business districts also serve as competition for the Property, such as Arca South which promises good accessibility once the township has been completed. However, despite challenges faced due to its location, the Property is a Grade A office building with a PEZA accreditation which gives it an advantage over other developments as new occupiers scout for better quality developments to promote the health and safety of their employees. Also, the development is developed by RLC who has a known real estate track record, giving locators and investors the confidence to put their money in the development.

Similar with all other office buildings, the COVID-19 pandemic, which brought about evolving office requirements as companies undergo new business protocols such as work from arrangements, still continues to emerge as a main threat for the Property. Although business activities have been kept on a minimum, occupancy rates for Cyber Sigma has been relatively high at approximately 95.7% as of end-2020, proving that the development attracted good anchor tenants which buoyed its occupancy amidst the pandemic. This translated to a stable rental income for the Property that can help insulate them from impact of the pandemic.

6.3 Robinsons Equitable Tower

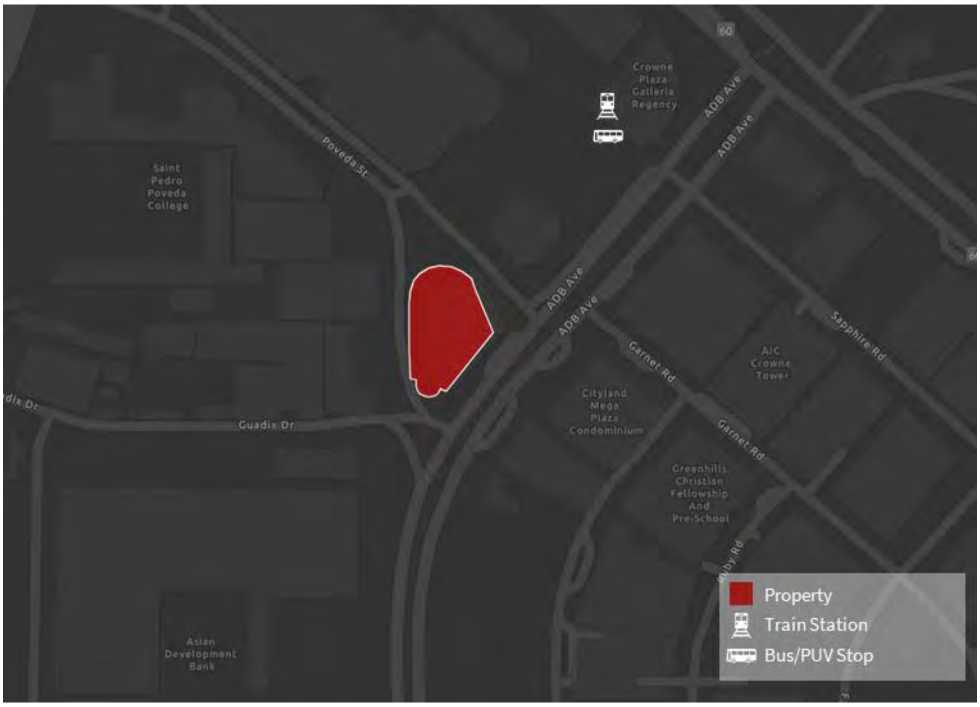
6.3.1 Location and Property Details

The Robinsons Equitable Tower stands 45 storeys tall where majority of the office space is owner occupied while around 14,000 sqm is for lease. The building is a relatively old development, completed in 1999, and was considered as one of the pioneer office developments in Ortigas CBD. Even so, Robinsons Equitable Tower is still capable of 24/7 operations and can accommodate IT-BPM firms, especially with its PEZA accreditation status.

Tenants in the building are heavily geared towards traditional firms, including the head office of JG Summit Holdings, Inc., and its subsidiaries such as RLC and the other real estate arms under it, as well as Robinsons Bank. Other notable firms operating in Robinsons Equitable Tower includes Loreal Philippines, Inc., Whitesky Labs, and Concentrix.

The development is one of RLC’s pioneer development standing in ADB Avenue corner Poveda Street, Ortigas CBD, Pasig City. It is bounded by the West Lane separating the Property from Robinsons Galleria in the North, Guadix Drive in the South, ADB Avenue, the main access point of the Property in the East, and Poveda Road in the West where the car park entrance of the Property is found. Robinsons Equitable Tower is found within Ortigas CBD, the main business district in Pasig City and one of the oldest business hubs in Metro Manila. It is a few steps away from Robinsons Galleria where various retail stores and terminals for public utility vehicles are found. The building is also in close proximity to other commercial developments and support facilities such as the SM Megamall (600 metres away), MRT 3 Ortigas station (500 metres away), The Medical City (1.5 kilometres away), Ortigas Avenue (300 metres away), and EDSA (350 metres away).

Figure 6-10. Robinsons Equitable Tower Location Map



Source: ArcGIS, JLL Research and Consultancy

6.3.2 Neighbourhood Profile

Robinsons Equitable Tower is located in Ortigas CBD with the Property's vicinity mostly made up of office developments, especially in the east side across ADB Avenue. Some office buildings located in the area are the Robinsons Cyberscape Complex (Cyberscape Alpha, Cyberscape Beta, and Cyberscape Gamma) by the same developer, the newly completed Jollibee Tower, and the upcoming NX Tower 1 and Glas Tower.

Several residential condominiums can also be found in the eastern portion of the Property, together with the cluster of office developments in the same location. Right across the Property are the CItyland Mega Plaza and the ADB Avenue Tower, while other condominiums close to the development are the East of Galleria, Grand Emerald Tower, and AIC Grande Tower. Majority of these condominiums are relatively older developments, coinciding with the peak of business activities in Ortigas CBD.

Meanwhile, major retail and hospitality developments can be found directly across the north side of the Property, namely, the Robinsons Galleria which is connected to Holiday Inn Galleria and Crowne Plaza Galleria. The area also sees a concentration of serviced residences including the Citadines Millennium, Oakwood Premier-Joy Nostalg, and the Discovery Suites which are geared towards long staying employees, mostly foreigners, working in the nearby office towers.

Besides real estate developments, major thoroughfares such as EDSA and Ortigas Avenue, as well as key main railway networks specifically the MRT line, are also found within the vicinity of the Property.

Figure 6-11. Robinsons Equitable Tower Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.3.3 Accessibility

The main access point to Robinsons Equitable Tower is through its entrance and primary drop off point along ADB Avenue. The carpark entrance of the building, on the other hand, is located along Poveda Road.

The Property is highly accessible due its proximity to major transport networks. Several public utility vehicle terminals can be found in Robinsons Galleria located just adjacent the Property. Buses going to and from the North, South and East portions of Metro Manila can drop off and pick up passengers in the allocated bus stops in Robinsons Galleria. Besides this, P2P buses going to and from Glorietta 3 in Makati City are also available daily.

Other transportation options would be UV express vans with routes coming mostly from the Eastern side of the Metro such as Antipolo, Pasig, Marikina, and Binangonan, while jeepneys are also available coming to and from Pasig and Quezon City. The MRT Ortigas station is also located in Robinsons Galleria, further adding to the list of options commuters when going to the Property.

Robinsons Equitable Tower is also easily accessible by private vehicles from the various parts of the metro due its adjacent location to EDSA. Other than this, the Property is also close to Ortigas Avenue which connects the city to the East of Metro Manila where municipalities and cities within the Rizal province are found. For travellers coming from outside the country or from different islands of the Philippines, the Property is approximately a 30-minute drive time from NAIA.

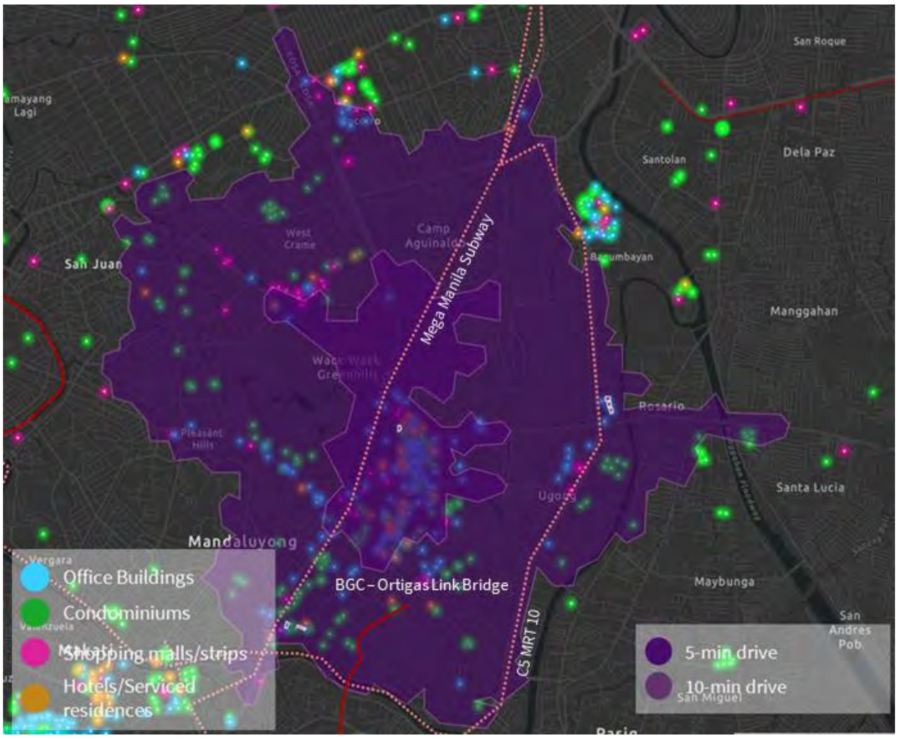
Besides these, other major business hubs in the metro can also be easily accessed from the development. The business districts in Makati City and Taguig City are within a 20-minute drive time from the building, while majority of the hubs in Quezon City with the likes of Vertis North and Quezon City Triangle CBD are only within a 15-minute drive time from Robinsons Equitable Tower.

With major transportation networks found within a 5-minute walk time, and key thoroughfares in the Metro within a 5-minute drive time from the Property, accessibility has always been a key advantage of the development over other office buildings found in the area. This is seen to further improve with upcoming big-ticket infrastructure projects with the likes of the BGC-Ortigas Link Bridge which is more or less a 10-minute drive time from the Property, as well as the Metro Manila subway which will make it easier for commuters to travel to and from Pasig City and Taguig City.

Figure 6-12. 5-minute walk from Robinsons Equitable Tower

Source: ArcGIS, JLL Research and Consultancy

Figure 6-13. 5- and 10-minute drive from Robinsons Equitable Tower



Source: ArcGIS, JLL Research and Consultancy

6.3.4 SWOT Analysis

Table 6-4: SWOT Analysis for Robinsons Equitable Tower

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location	Relatively older building	Retrofitting or redevelopment of the Property	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates	Presence of nearby RLC properties which may cannibalize on the same market	Infrastructure projects	Uncertainties stemming from the pandemic
Grade A, PEZA-accredited development			Evolving office space requirements
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

The Property is accessible to various complementary developments which would serve as support for the employees working in Robinsons Equitable Tower. Access to retail options is available in the area due to its proximity to Robinsons Galleria, one of the anchor retail developments in Ortigas CBD, as well as other retail stores found in the ground floor spaces of the office buildings surrounding the development. Besides this, multiple condominiums and serviced residences are a few steps away from the Property, serving as housing options for employees of tenants in the building.

Further, the Property is accessible to major thoroughfares and transportation networks. For private vehicles, the Property can be accessed via ADB Avenue which is connected to Ortigas Avenue for those coming from the East of Metro Manila, and to San Miguel Avenue which is linked to Shaw Boulevard. On the other hand, various transportation terminals can be found in Robinsons Galleria located a few steps away from Robinsons Equitable Tower. PUV and bus stops can be found surrounding Robinsons Galleria from vehicles coming from all over the Metro. Some PUVs can directly drop off passengers in the ADB Avenue side of Robinsons Galleria which is just right beside the main entrance of Robinsons Equitable Tower, giving easy access for the commuting mass. Besides this, The MRT 3 Ortigas station is also connected to the shopping mall, further adding to the options commuters can take to access the Property.

Accessibility and connectivity are seen to further improve with the completion of upcoming big-ticket infrastructure projects with the likes of the BGC-Ortigas Link Bridge which will ease up the travel time from Pasig City and Quezon upon its completion. The Metro Manila Subway is also seen to traverse the area of the Property, making Ortigas CBD the largest district that is being serviced by two major railway networks which are the MRT Line and the upcoming Metro Manila Subway Line. However, other business districts will also benefit from the government's focus on infrastructure in the long run, especially more established districts such as the business hubs found within Makati City and Taguig City which could potentially generate further interest in these areas and detract attention from the Property.

The Property is located within Ortigas CBD, where business interest remains stable. The construction of new projects in the district and periphery areas serve as direct competition for Robinsons Equitable Tower which could be a challenge for the Property where firms may seek newer office spaces. Retrofitting may be an option to ensure the space remains relevant especially given the anticipated change in the office landscape. Furthermore, the Property is within the same neighbourhood as Robinsons Cyberscape Alpha and Beta which are newer developments and may compete for the same market as the Property. Despite this, the Property is a Grade A development with a PEZA accreditation which gives it an edge over other developments in attracting new occupiers, especially now with the market's search for quality developments. To back these up, the Property is also developed by RLC who has a proven real estate portfolio, making it easier to put the development forward to new locators and investors.

Similar to other developments, the uncertainties surrounding the COVID-19 pandemic serve as a threat to the performance and stability of the Property. Businesses are continuously evolving their office space requirements in an attempt to cope up with the pandemic which led to cost rationalization and downsizing of spaces due to new business practices such as the work from home arrangement, among others. Nonetheless, the Property recorded stable occupancy of around 98.0% due to a pool of constant anchor tenants, which makes it a solid income generating asset in a core location.

6.4 Robinsons Cyberscape Alpha and Beta

6.4.1 Location and Property Details

Robinsons Cyberscape Alpha and Beta are proximal developments by RLC, 130 metres away from each other, located in Ortigas CBD, Pasig City. Cyberscape Alpha is a 26-storey building of approximately 49,900 sqm of leasable space with a floorplate of 2,000 sqm, while Cyberscape Beta is a 37-storey building of approximately of 42,200 sqm with a smaller floor plate of 1,500 sqm. Both developments were completed in 2014 and are PEZA accredited.

Notable tenants in Cyberscape Alpha include Emerson, Curo Teknika Inc. LRA Pacific, RLC, and Go Hotels located at the 2nd to 4th floors of the development. Meanwhile, more than half of the tenants in Cyberscape Beta is occupied by IT-BPM and flexible space operators such as Acquire BPO, Orchid Cybertech Services, Inc., and Shore Solutions.

Cyberscape Alpha is located in Sapphire and Garnet Roads, Ortigas CBD, Pasig City. It is bounded by Sapphire Road in the North where the back entrance of the building is located, as well as its carpark entrance. On the other hand, the Property is bounded by Garnet Road in the South which serves as the main entrance of the building, AIC Grande Tower in East, and AIC Burgundy Empire Tower in the West. Meanwhile, Cyberscape Beta is located at Topaz and Ruby Roads, Ortigas CBD, Pasig City. The development is bounded by the East of Galleria in the North, Cyberscape Gamma in the South, Ruby Road in the East where the back entrance and the carpark entrance of the building are situated, and Topaz Road in the West where the main drop off and entrance of the development are located.

Both developments are in the middle of the bustling business activities in Ortigas CBD, making it accessible to all types of major developments and projects in the area. The two developments are approximately 230 metres away from Robinsons Galleria, a key retail establishment in the area where the MRT 3 Ortigas Station is connected, 950 metres away from The Medical City, 300 metres from Ortigas Avenue, and about 700 metres from EDSA.

Figure 6-14. Robinsons Cyberscape Alpha and Beta Location Map

Source: ArcGIS, JLL Research and Consultancy

6.4.2 Neighbourhood Profile

Similar to Robinsons Equitable Tower, the neighbourhood of Cyberscape Alpha and Beta are mostly made up of older office towers such as the Hanston Building, Strata 100, and the PLDT Garnet Exchange, to name a few. Upcoming office towers are also located in close proximity with the two buildings such as the Glas Tower, One Filinvest, and the NX Tower 1, mirroring the developing office market in the area.

Both developments are bounded by condominiums, specifically the East of Galleria in the North of Cyberscape Beta, and AIC Grande Tower in the East of Cyberscape Alpha. Some of the other condominiums found in the vicinity of the would include the existing upcoming condominiums in The Sapphire Bloc complex, Parc Chateau, Emerald Mansion, and the Grand Emerald Tower.

Besides condominiums, serviced residences are also scattered around the neighbourhood of the Property to offer accommodations for long staying guests, mostly made up of expatriate employees working in large multinational companies with operations nearby. Some of the notable serviced residences proximal to the Property would include the Citadines Millenium and Discovery Suites. Hotels such as Marco Polo, Holiday Inn Galleria, and Crowne Plaza Galleria are also available near Cyberscape Alpha and Beta for guests visiting the area for a shorter duration.

The nearest retail shopping mall to both Properties is Robinsons Galleria, one of the key retail developments within Quezon City. The mall can be accessed within more or less a 5-minute walk time from both Cyberscape Alpha and Beta, providing easy retail support to locators in the buildings. Other than Robinsons Galleria, several retail options are also found in the ground floor spaces of the office buildings found in the vicinity of both Properties, giving locators ample options for retail needs.

Figure 6-15. Robinsons Cyberscape Alpha and Beta Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.4.3 Accessibility

Similar with Robinsons Equitable Tower, the accessibility of Cyberscape Alpha and Beta is also exceptional with it being located in the middle of one of the more established business districts in the Metro, Ortigas CBD. The main access point of Cyberscape Alpha is via its entrance along the Garnet Road with the entrance to the building's carpark found along Sapphire Road. Meanwhile, Cyberscape Beta's main entrance is found along Topaz Road, with its carpark and back entrance along Topaz Road. Although the entrance points of the Properties are located in the inner streets of Ortigas CBD, they are connected to ADB Avenue which traverses Ortigas CBD and connects the business districts to various key roads such as Ortigas Avenue and San Miguel Avenue which leads to Shaw Boulevard.

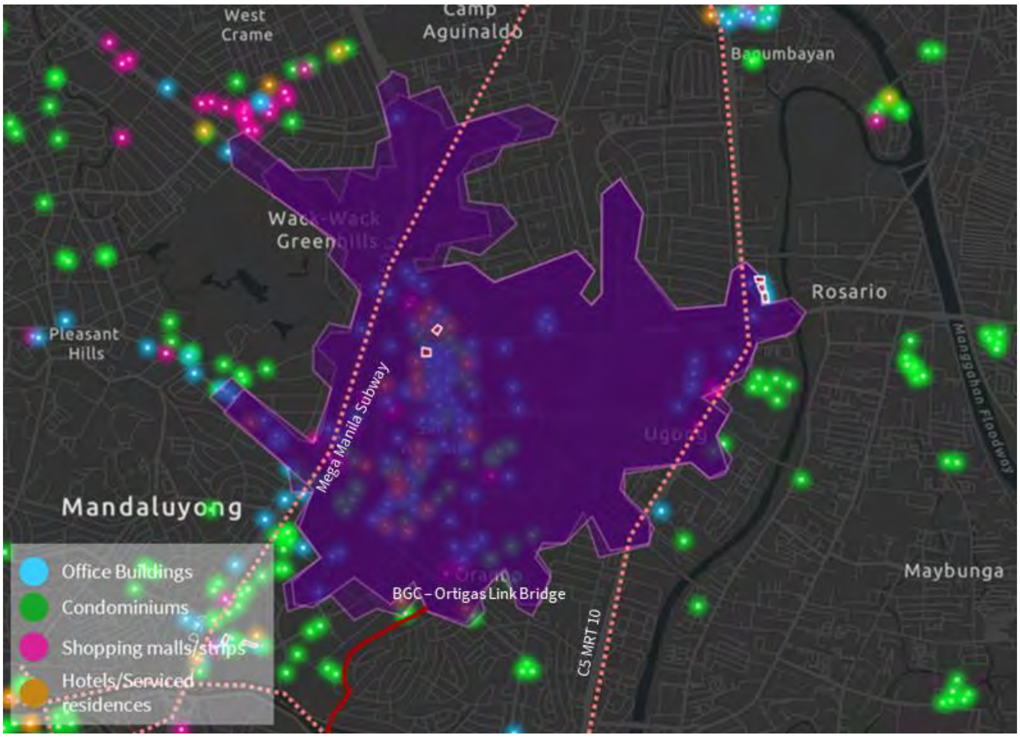
Major transportation hubs can also be found proximal to the Property, particularly the public utility vehicle terminals found in Robinsons Galleria where vehicles coming from various parts of Metro Manila and adjacent areas are found. The MRT 3 Ortigas station is also connected to Robinsons Galleria, making it easily accessible for employees working in Cyberscape Alpha and Beta. Meanwhile, key thoroughfares with the likes of EDSA and Ortigas Avenue are also proximal to both Properties, giving it great accessibility and connectivity.

Figure 6-16. 5-minute walk from Robinsons Cyberscape Alpha and Beta

Source: ArcGIS, JLL Research and Consultancy

Several upcoming infrastructure projects are seen to further improve this once completed. Some of the key upcoming infrastructure developments would include the BGC- Ortigas Link Bridge and the Metro Manila Subway which can be reached within only a 5-minute drive from both Properties.

Figure 6-17. 5-minute drive from Robinsons Cyberscape Alpha and Beta



Source: ArcGIS, JLL Research and Consultancy

6.4.4 SWOT Analysis

Table 6-5: SWOT Analysis for Robinsons Cyberscape Alpha and Beta

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location	Presence of nearby RLC properties which may cannibalize on the same market	Infrastructure projects	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates			Uncertainties stemming from the pandemic
Sizeable developments			Evolving office space requirements
Grade A, PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

The Properties are in a great location as they are found in the middle of Ortigas CBD, one of the key business hubs in the country. Cybergate Alpha and Beta are only a few steps away from Robinsons Galleria which serve as retail support while various condominiums in the area provide housing options for tenants in the building. Serviced residences are also widely present in the neighbourhood of the Property which is ideal for long staying expatriate guests and employees. Support facilities, such as The Medical City, as well as various transportation nodes are also proximal to the Property. PUV stops for buses, jeepneys, and UV Express vans are available in Robinsons Galleria, while MRT 3 Ortigas Station is connected to the mall, giving ample options for the commuting public. For private vehicles, Garnet and Topaz Roads, the main access points of the developments, are connected to ADB Avenue which is linked to Ortigas Avenue and Shaw Boulevard, making it easy to navigate for people coming from various parts of Metro Manila.

Accessibility of both Properties is projected to be enhanced with the completion of upcoming big-ticket projects such as the BGC- Ortigas Link Bridge and the Metro Manila Subway which are a short distance away from the developments. Commuters will have additional options when going to and from the Properties with the presence of the Metro Manila Subway, while travel time between BGC and Ortigas CBD will be drastically reduced with the BGC-Ortigas Link Bridge, possibly bringing in more business activities in Ortigas CBD as a spill over of demand from BGC.

Cyberscape Alpha and Beta are developed by RLC, one of the top developers nationwide with a proven real estate track record. The development offers substantial office space to the market, housing 49,900 and 42,200 sqm of leasable area respectively. Each floor in the office buildings span around 1,500 to 2,000 sqm. The towers are also relatively new compared to majority of the surrounding existing office developments, and are classified as Grade A structures with a PEZA accreditation, making them more appealing to prospective tenants seeking newer spaces. However, newer and upcoming office buildings within and in the periphery of Ortigas CBD would serve as competition for both Properties. Further, the presence of the nearby Robinsons Equitable Tower may lead to cannibalization of the same market targeted by the Properties.

The changing office landscape brought about by new business practices due to the pandemic, such as skeletal workforce and work from home arrangements, has led to companies rationalizing their costs and downsizing requirements. Nonetheless, both Properties have exhibited their resilience even with the overall office slowdown, supported by the quality of their anchor tenants who continued their operations despite the pandemic. Occupancy rates for the two developments have been relatively high at approximately 93.8% and 100.0%, keeping rental income stable.

6.5 Cybergate Center Towers 2 and 3

6.5.1 Location and Property Details

Robinsons Cybergate is a mixed-use complex by RLC located along EDSA corner Pioneer Street, Mandaluyong City. The compound is anchored by four office buildings, specifically, the Cybergate Center Towers 1, 2 and 3, and the Robinsons Cybergate Plaza.

Cybergate Center Towers 2 and 3 are sizeable developments, standing at 27-storeys high and offering 43,700 and 44,600 sqm of leasable office space, respectively. Each development boasts a floor plate spanning around 2,000 sqm each, optimal for firms requiring large operations such as those in the IT-BPM industry. Tower 2 completed in 2007 and followed by Tower 3 in 2008. Despite being relatively older, both towers are still capable of 24/7 operations, further attracting IT-BPM firms especially because of its PEZA accreditation, as well as the various commercial developments found within the mixed-use complex that would support the needs of the employees.

This is reflected in the profile of tenants where Cybergate Center 2 is occupied mostly by IT-BPM firms, having Accenture as its anchor tenant. Meanwhile, Cybergate Center 3 houses a more diversified profile of tenants although still mostly IT-BPM firms. The development's current anchor tenants would include Accenture, MPHS Technical Services Corporation, Summit Media and Jobstreet.

Cybergate Center Tower 2 is bounded by an inner street with direct access to Pioneer Street in the North, Cybergate Street in the east which serves as the main access point and car park entrance of the building, another inner street for vehicular circulation in the west which is directly across Forum Robinsons, and Cybergate Center Tower 1 in the South. Cybergate Center Tower 3 is separated from the first two towers and is bounded by Pioneer Street in the north where the main drop off point and entrance for the employees, as well as for the car park of the building are located. Meanwhile, the office tower is bounded by an inner street in the East, Axis Residences in the South, and Gateway Regency in the West.

The two towers are standing in the middle of Mandaluyong City, adjacent to Ortigas CBD which is the main business district in Pasig City, thus having great access to other real estate developments and institutional and support facilities. Both towers are a short distance from Forum Robinsons, serving as the primary retail option supporting the needs of employees and residents in the mixed-use development. The developments are also proximal to SM Megamall (2 kilometres away), Shangri-La Plaza (1.7 kilometres away), Ortigas CBD (2.4 kilometres away), and The Medical City (4 kilometres away).

Figure 6-18. Cybergate Center Towers 2 and 3 Location Map

Source: ArcGIS, JLL Research and Consultancy

6.5.2 Neighbourhood Profile

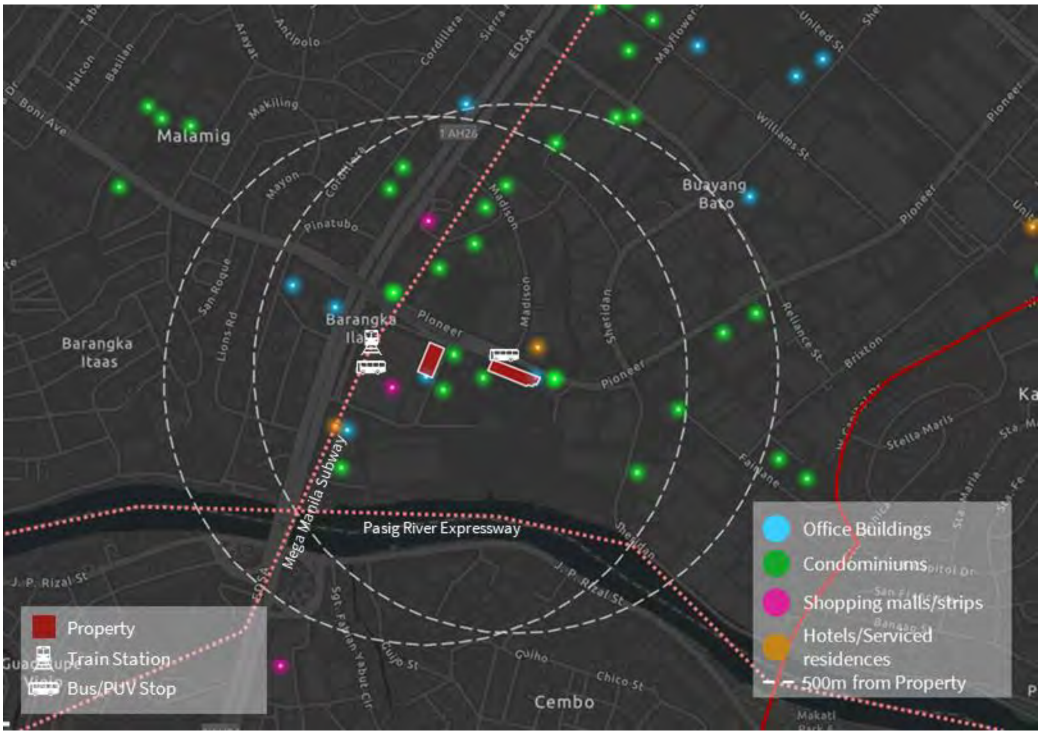
Although not located within a central business district, Cybergate Center 2 and 3 are standing within a mixed-use development and are adjacent to other real estate complexes, making it proximal to all types of establishments that would provide support to the needs of the locators in the towers. Majority of the developments surrounding both Properties are residential condominiums with the likes of One Gateway Place, Gateway Regency, Gateway Garden Heights, and Axis Residences, all by the same developer as with Cybergate Center Towers 2 and 3. The stretch of EDSA proximal to the Property sees a proliferation of residential condominiums such as Pioneer Woodlands, Light Residences, and Pines Peak. The concentration of condominiums in the area is primarily driven by the major transportation networks that traverses EDSA, giving developments located along it greater and easier accessibility which is crucial to the working mass who are the typical residents in these developments.

On the other hand, there are very limited office towers within the vicinity of Cybergate Center Towers 2 and 3 which includes Robinsons Cybergate Plaza, standing within the same mixed-use development, and the PRC Tower which can be found across both Properties in the opposite side of EDSA. Although not falling within a 500 metre radius from the Properties, the Greenfield District where various office towers can be found is still located close to the towers, and thus serving as direct competition to Cybergate Center Towers 2 and 3 and other office developments within the Robinsons Cybergate complex.

Meanwhile, two major retail developments can be found proximal to the Properties namely Robinsons Forum and Light Mall which provides ample retail options to the employees and locators in Cybergate Center Towers 2 and 3. Lastly, a Go Hotel development can be found in the lower floors of Robinsons Cybergate Plaza, offering accommodations for guests visiting the area.

Major thoroughfares and key transportation networks can also be found proximal to the Properties such as EDSA and Pioneer Street, one of the main roads in Mandaluyong City. Both Properties are also a short distance away from train stations and bus stops, particularly the Boni MRT Station and the Boni bus stop, giving the developments good accessibility for the commuting mass. Upcoming key infrastructure projects are also within the vicinity of Cybergate Center Towers 2 and 3. Such projects would include the Mega Manila Subway and the proposed Pasig River Expressway which will connect Manila City to the province of Rizal via the Pasig River upon its completion in 2023. Also, although not within the neighbourhood of the Properties, the BGC-Ortigas Link is also a short drive away from the office towers, giving it easy access to the project once completed.

Figure 6-19. Cybergate Center Towers 2 and 3 Neighbourhood Map



Source: ArcGIS, JLL Research and Consultancy

6.5.3 Accessibility

The main access point for Cybergate Center Tower 2 is through the Cybergate Street, connected to Pioneer Street and EDSA, where the employee and car park entrance of the building is found, while Cybergate Center Tower 3 can be accessed through Pioneer Street which is connected to EDSA in the West and Shaw Boulevard in the East. The entire mixed-use complex is straddled in the middle of these two major thoroughfares, with EDSA traversing multiple Cities in Metro Manila while Shaw Boulevard is connected to Ortigas Avenue leading to the East of Metro Manila, which gives Cybergate Center Towers 2 and 3 impeccable accessibility for the mass workforce using private vehicles as well as those utilizing the available public transportation networks.

The Properties are accessible THROUGH the MRT 3 Boni Avenue station and the Boni Avenue bus stop, are within a 5-minute walking time to and from Cybergate Center Towers 2 and 3. Also, other public utility vehicles such as jeepneys and UV express vans can drop off along Pioneer Street where commuters can also access the Properties.

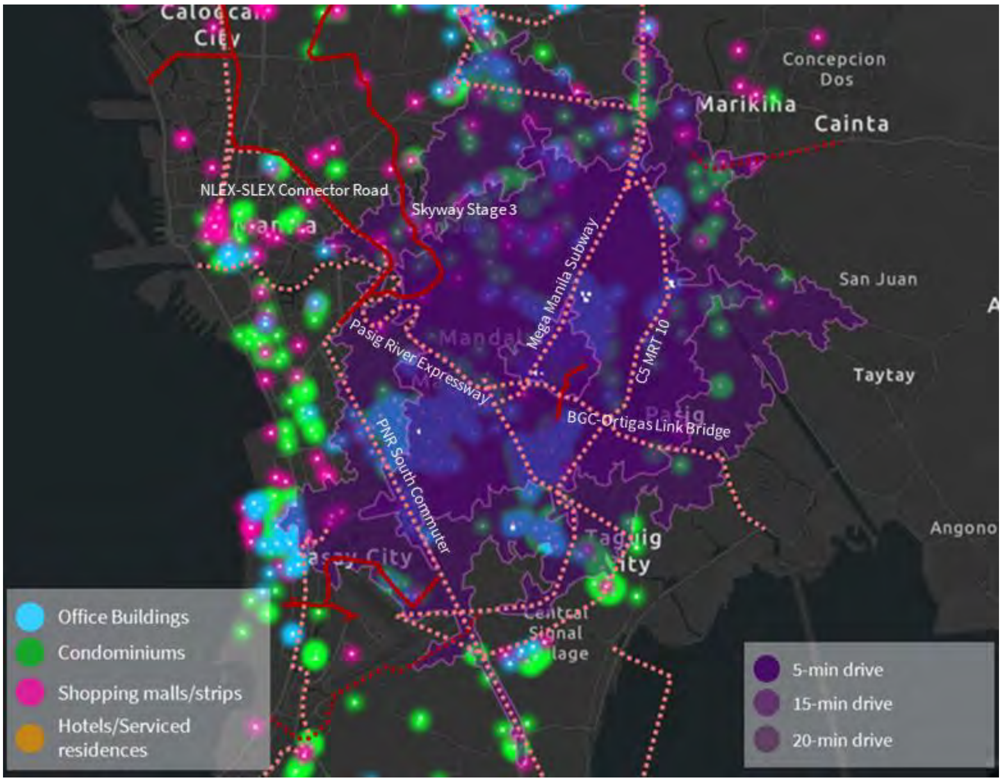
Figure 6-20. 5- and 10-minute walk from Cybergate Center Towers 2 and 3

Source: ArcGIS, JLL Research and Consultancy

Similarly, the Property is accessible by private vehicles due to its proximity to the main thoroughfares which is connected to the different cities in Metro Manila. Meanwhile, NAIA can be reached within a 20-minute drive time for visitors and employees coming from outside or various parts of the country.

The accessibility of Cybergate Center Towers 2 and 3 is seen to continue as one of its main advantage in the coming years upon the completion of various key infrastructure projects that are proximal to the Properties. Some of these include the BGC-Ortigas Link Bridge, Pasig River Expressway and the Metro Manila Subway, all just within a 5-minute drive time from the towers, which will further ease up the travel time going to and from various parts of Metro Manila. Meanwhile, the NLEX-SLEX Connector Road and the Skyway Stage 3 are only within a 15 to 20-minute drive time away from the Properties, providing alternative routes to and from NLEX and SLEX for a shorter amount of time.

Figure 6-21. 5-, 15-, and 20-minute drive from Cybergate Center Towers 2 and 3



Source: ArcGIS, JLL Research and Consultancy

6.5.4 SWOT Analysis

Table 6-6: SWOT Analysis for Cybergate Center Towers 2 and 3

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location	Relatively older building	Retrofitting or redevelopment of the Property	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates		Infrastructure projects	Uncertainties stemming from the pandemic
Within a mixed-use complex			Located in the fringe areas of a business hub
Sizeable development			
Grade A, PEZA-accredited development			Evolving office space requirements
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

The location of the Properties has its own pros and cons. The site where Robinsons Cybergate is standing is considered a fringe area of Ortigas CBD and thus, not much business activities are happening in the area. This is evidenced with the overall lack of office developments within the direct vicinity of the Property. The area was originally intended to absorb the demand coming from Ortigas CBD that can no longer be accommodated by existing office buildings then. However, with the emergence of new business hubs close to Ortigas CBD, the area faces stiffer competition coming from the likes of Arcovia City, Ortigas East and Bridgetowne.

Despite this, its location still gives much advantage to the Properties due to its innate accessibility on the back of being located within a mixed-use development straddled between major throughfares connecting the various Cities of Metro Manila. Robinsons Cybergate is a mixed-use development which was planned to incorporate all types of real estate developments, building a self-sustaining community, and making it easier for employees to access various options for their retail and housing needs. The mixed-use complex is anchored by Robinsons Forum, one of the major retail developments in the area which gives ample retail options for employees and residents alike. Multiple condominiums are also present adjacent to Robinsons Cybergate such as One Gateway Place, Gateway Regency and Axis Residences, catering to the housing needs of employees within nearby business hubs.

Adding to the advantage of the Properties' location would be its access to various nodes of public transportation. Being located in the middle of some of the busiest thoroughfares in Metro Manila, specifically EDSA and Pioneer Street, ensures the ease of accessing the complex. Bus and jeepney stops can be found in Robinsons Forum, while the MRT 3 Boni Avenue station is within a 5-minute walking time from the developments, giving sufficient options for the commuting mass to go and from the office towers. Also, PUVs can directly drop off passengers in the entrance of Cybergate Center Tower 3 along Pioneer Street which is connected to EDSA and Shaw Boulevard. Upcoming infrastructure projects such as the BGC-Ortigas Link Bridge and the Pasig River Expressway would further add to the accessibility and connectivity of the area, and quite possible help generate more business activities within the complex and adjacent hubs.

Cybergate Center Towers 2 and 3 are some of the largest developments under RLC, a major developer whose real estate portfolio has been proven and recognized nationwide. Both towers carry around 43,700 and 44,600 sqm of gross leasable office respectively. The developments boast a wide floor plate of approximately 2,000 sqm which is ideal for firms employing a large manpower such as IT-BPMs and large multinational firms. However, the two towers are relatively older compared to proximal office developments with the likes of those found in the Greenfield District which were just completed in the past five years. This would pose as a challenge when attracting multinationals and other firms looking for newer spaces. Nonetheless, this could be addressed by retrofitting the spaces to cater to the changing space requirements of potential clients. Also, both developments are Grade A structures with PEZA accreditation, giving them an edge over other office buildings especially with new occupiers looking for quality spaces.

The pandemic pushed businesses to re-evaluate and rationalize their costs given the new business practices such as employing a skeletal workforce or having a work from home arrangement. Amidst the subdued office market in 2020, both Properties have maintained high occupancy rates ranging from 90.9% to 100%, backed by the continuous activities of its anchor tenants, providing stable rental income to the developer.

6.6 Tera, Exxa and Zeta Towers

6.6.1 Location and Property Details

The Bridgetowne complex is a mixed-use development standing at the border of Pasig City and Quezon City. The 30.6-hectare master planned township by RLC is planned to house office buildings, a shopping mall, residential condominiums, a hotel, and a bridge standing over the Marikina River, connecting the township to Pasig City upon its completion.

To date, there are four existing office buildings in the township development with Campus One, another office development breaking ground in 2020. Existing office towers in the complex include

Tera, and Exxa-Zeta Towers. All three office towers are sizeable developments, offering 35,000 to 37,800 sqm of leasable space with each floor spanning about 2,200 sqm to 2,400 sqm. The towers are relatively new, with Tera Tower completed in 2015, and the Exxa-Zeta Towers in 2018. The large floor plates in the development, coupled with its capability for 24/7 operations, made it a good option for IT-BPM firms especially those expanding their operations to emerging business districts which are potentially closer to the origins of the targeted talent pool. Besides this, all three towers are PEZA registered and Tera Tower is a LEED Gold Certified Building, making these attractive sites for occupiers who have sustainability as part of their CSR program.

In terms of tenant mix in the Tera and Exxa-Zeta towers, majority of the spaces leased in these developments are under the IT-BPM and flexible workspaces. Some of the anchor tenants in these towers under the IT-BPM industry are Concentrix in Tera and Exxa Towers, WNS Global Services in Exxa Tower, and Hinduja Global Solutions Philippines Ltd. In Zeta Tower. Meanwhile, seat leasing or co-working spaces, specifically KMC Solutions and work.able, can be found in Zeta Tower. Traditional companies also form part of the tenant mix of these developments, particularly in Tera Tower where the headquarters of Universal Robina Corporation is found.

The Tera Tower was the flagship office development in the township project, completed in 2015. It is bounded by an inner street serving as vehicular circulation in the north and east, Giga Tower in the west, and the Exxa-Zeta Towers in the south. Exxa-Zeta Towers, on the other hand, are twin building developments standing adjacent to Tera Tower. The twin development is bounded by the Tera Tower in the north, an inner street in the east, a structure being redeveloped and The Results Companies in the west and Iglesia ni Cristo in the south.

Bridgetowne is approximately 2.3 kilometres away from Eastwood City and 3 kilometres from Ortigas CBD, while it is about 1 kilometre and 2.3 kilometres away from the emerging townships named Ortigas East and Arcovia City, respectively. Bridgetowne is also proximal to support facilities such as The Medical City (1.8 kilometres away), and key thoroughfares specifically C5 and Ortigas Avenue which are directly connected to the access points of the entire township project.

Figure 6-22. Tera and Exxa-Zeta Towers Location Map

Source: ArcGIS, JLL Research and Consultancy

6.6.2 Neighbourhood Profile

The stretch of C5 was originally an industrial area, evidenced by the multiple major industrial players with operations in the vicinity particularly in the northbound side of the road. On the other hand, several upscale residential subdivisions can be found in the southbound side of C5.

Notable real estate developments within the neighbourhood of the Properties that are not part of the township are the building by The Results Company located at the west of Zeta Tower, as well as residential condominium complex of The Grove. Although not much big ticket real estate developments can be found within the vicinity of the Property at present, several townships are under construction along C5 road which would make the area bustling with business activities, similar to the key business hubs in the Metro in the long run. Some of these upcoming townships would be the Ortigas East by Ortigas and Co., Arcovia City by MEG, as well as Parklinks by ALI. Meanwhile, the upcoming C5 MRT 10 line will pass through the area where the township is located which will improve the connectivity of the area to the other parts of the metro.

Figure 6-23. Tera and Exxa-Zeta Towers Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.6.3 Accessibility

Access for Bridgetowne is mainly through its entrance found along Ortigas Avenue and C5 Road which is connected to an inner road inside the township, serving as vehicular circulation. Ortigas Avenue connects the township to the East of Metro Manila and Pasig City, while C5 Road is connected to SLEX and parts of Quezon City

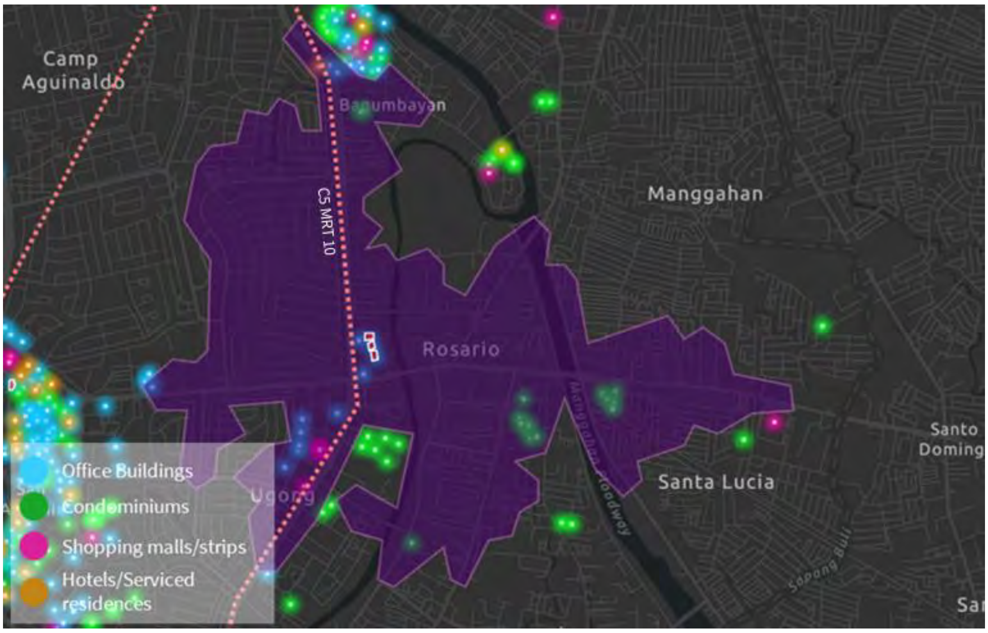
The Properties can be accessed from Pasig City, Quezon City and Marikina City due to the availability of public utility vehicles, particularly UV Express vans and jeepneys, traversing Ortigas Avenue and C5 Road. The UV Express vans' stops are within more or less a 5-minute walk to and from the Properties, giving commuters easy accessibility. However, these are the only nodes of transportation for the commuting public and bus routes and train stations are not yet present in the area, limiting the accessibility of the Properties especially since traffic conditions along C5 Road and Ortigas Avenue can get heavy during rush hours.

Figure 6-24. 5-minute walk from Tera and Exxa-Zeta Towers

Source: ArcGIS, JLL Research and Consultancy

Private vehicles would also have no problems accessing the Properties due to its proximity to Ortigas Avenue and C5 Road which are just within a 5-minute drive time from the township development, and are in fact connected to the inner roads of the community. Also, Eastwood City can be reached within a 5-minute drive time, providing ample retail options to the employees in Bridgetowne in the interim while the anchor retail development in the township project is still under construction. Meanwhile, other key business districts such as Ortigas CBD and Araneta City can already be reached within a 15-minute drive time, while the business hubs within Makati City and Taguig City are only a 25-minute drive time away from Bridgetowne.

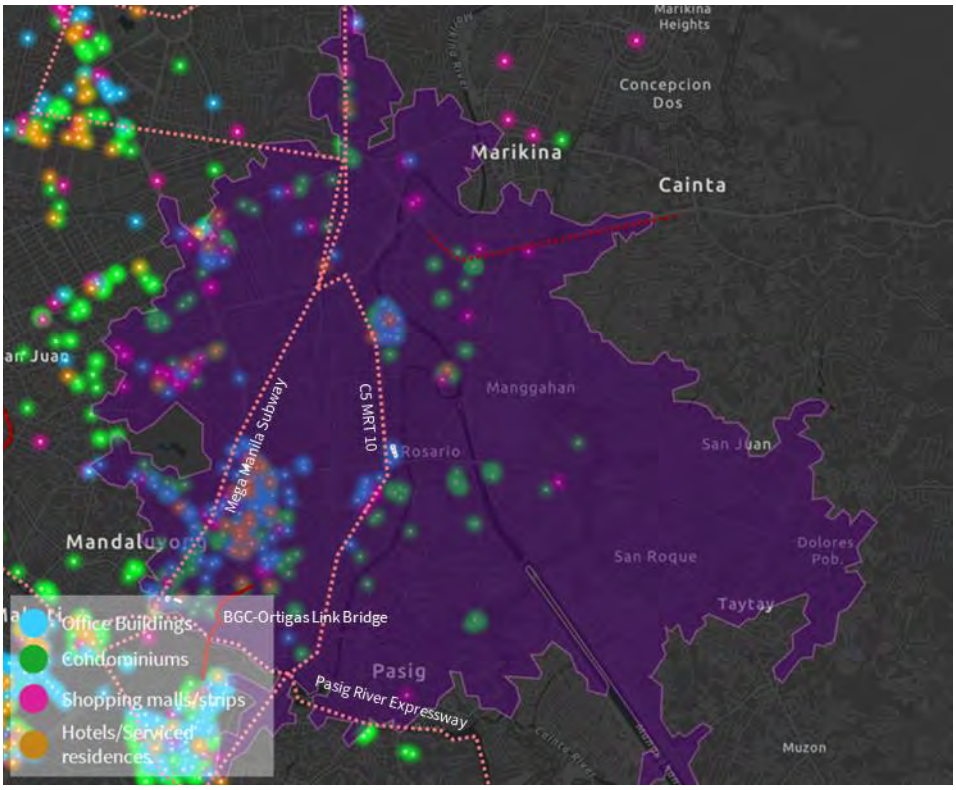
Figure 6-25. 5-minute drive from Tera and Exxa-Zeta Towers



Source: ArcGIS, JLL Research and Consultancy

Upcoming key infrastructure projects can also be reached within a short drive and walk time from the Properties which would further improve the area's connectivity for all types of employees. Such major infrastructure projects would include the C5 MRT 10 which would traverse the entire C5, connecting Commonwealth Avenue in Quezon City to NAIA. Once completed, this project will ease up the burden of commuters, and will provide more options for the workforce utilizing public transportation networks. The railway line is approximately only a 5-minute walk time from Bridgetowne, although no announcements has been made yet on the stations of the proposed project. Other upcoming infrastructures project would be the BGC-Ortigas Link Bridge and the Pasig River Expressway which can be accessed within more or less a 15-minute drive time from the Properties. The BGC-Ortigas Link Bridge would shorten travel time to and from BGC and Ortigas CBD once completed this 2021, while the Pasig River Expressway will provide alternative routes for those going to and from Manila City and the Province of Rizal once operational by 2023.

Figure 6-26. 15-minute drive from Tera and Exxa-Zeta Towers



Source: ArcGIS, JLL Research and Consultancy

6.6.4 SWOT Analysis

Table 6-7. SWOT Analysis for Tera and Exxa-Zeta Towers

Strengths	Weaknesses	Opportunities	Threats
Strategic and accessible location	Limited accessibility for public commuters	Infrastructure projects	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Strong occupancy rates			Uncertainties stemming from the pandemic
Located in a mixed-use community			Located in the fringe areas of a business hub
Sizeable development			Evolving office space requirements
Grade A, PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

Bridgetowne is located in the borders of Pasig City and Quezon City given the rising interest along the C5 thoroughfare in recent years. The Bridgetowne township project has access points along Ortigas Avenue and C5 Road, giving it easy access for private vehicles traversing these areas. Also, the commuting public utilizing UV Express vans in going to work can easily access the development, especially those coming from the East of Metro Manila, as well as those from the Cities of Pasig and Marikina. However, other modes of public transportations such as buses, jeepneys, and railways which majority of the commuters do not have direct access to the development yet. Commuters would have to walk around 10-minutes to get to the Property from the nearest stop of buses and jeepneys which would pose as a challenge especially during rush hours. This dampens the overall accessibility of the Property, although, it may be resolved in the coming years with the completion of various big-ticket infrastructure projects that would provide the commuting public more nodes of transportation networks which traverses the C5 Road area. Some of these projects would include the C5 MRT 10 Railway project located just a few steps away from the office towers. The final list of the railway stops has not yet been disclosed but once the project is completed, this will provide easier access for the public especially those coming from the Southern part of Metro Manila since the line runs from NAIA to Commonwealth Avenue in Quezon City. Other upcoming major infrastructure projects that would further ease the travel time to and from the Property to other parts of Metro Manila and adjacent areas once operational would include the BGC-Ortigas Link Bridge and the Pasig River Expressway.

The upcoming infrastructure is expected to improve the connectivity and accessibility of the Property and surrounding township developments along C5 Road which serves as direct competition for the Property. Various upcoming township project from some of the major local developers in the country are located along C5 Road, specifically Parklinks by ALI, Ortigas East and Ortigas and Co., and Arcovia City by MEG. These township developments would have the same offerings with Bridgetowne as they would also house office, residential and retail developments to serve the needs of their own communities. Other than the office buildings within these upcoming townships, newer and upcoming office towers in Ortigas CBD would also serve as direct competition to the Property due to its proximity to the business hub. This can be quite a challenge for the Property since it previously relied on the spill over of demand coming from Ortigas CBD and now that it's competing with the business hub, interest from locators might still be geared towards Ortigas CBD.

Similar with other RLC developments, the Tera and Exxa-Zeta Towers are sizeable developments offering around 35,000 to 37,800 sqm of leasable space each, albeit relatively smaller compared to other office buildings by the same developer. The towers are also relatively new compared to the existing business districts of Ortigas CBD and Eastwood City which are mostly made up of older developments. Also, the developments are classified as Grade A structures with PEZA accreditations, and are developed by RLC who has a recognized real estate portfolio nationwide. These would serve as a strong point of the towers especially for occupiers seeking newer and quality office spaces.

The pandemic has led businesses to rationalize their costs to cope up with new business practices such as working with a skeletal workforce and work from home arrangements, among others. Despite this, the three towers have showcased 100% occupancy rates, supported by the continued operations of their anchor tenants, proving its resiliency even with the slow down on business activities and ultimately providing a stable rental income for the developer.

6.7 Robinsons Cybergate Cebu

6.7.1 Location and Property Details

Robinsons Cybergate Cebu is RLC's pioneer office development in Cebu City, completed back in 2011. It houses approximately 6,900 sqm of leasable office space with each floor spanning around 2,300 sqm. The development is a low-rise office building with a retail podium, standing at only 7-storey high wherein three floors are allocated for office tenants, while the other four floors serves as a retail mall. The building's wide floor plate, coupled with its capability for 24/7 operations, easy access to retail options, and PEZA accreditation makes it a good option for IT-BPM firms expanding their locations in the City.

This is evident when looking at the tenant profile of the building wherein all office floors are occupied by IT-BPM firms. Some of the anchor tenants in the development include Fusion BPO Services Philippines Inc., and Accenture.

Robinsons Cybergate Cebu is located near the Fuente Osmeña Circle which serves as one of the landmarks found in the city. The office building is situated along Don Gil Garcia Street, Capitol Site, Cebu City. It is bounded by Don Julio Llorente Street in the north, Don Gil Garcia Street in the east where a drop off point and employee entrance, as well as the car park entrance of the development are located, Fuente-Don Mariano Qui Access Road in the south, and Don Mariano Cui Street in the west where another drop off point and entrance to the development are located. Robinsons Cybergate Cebu is located in one of the oldest commercial districts in the city, giving it easy access to other developments and support facilities with the likes of the Chong Hua Hospital (30-metres away), Robinsons Mall Fuente Osmeña (400-metres away), Cebu Business Park (2.2-kilometres away), and Cebu IT Park (3.6-kilometres away).

Figure 6-27. Robinsons Cybergate Cebu Location Map

Source: ArcGIS, JLL Research and Consultancy

6.7.2 Neighbourhood Profile

Robinsons Cybergate Cebu is located in one of the highly commercialized area in the city which is the vicinity of the Fuente Osmeña Circle. It is found in the heart of Uptown Cebu City where the provincial Capitol of Cebu is located.

Looking at the developments found within a 500-metre radius from the Property, we see that majority of the surrounding buildings are hotels. The proliferation of hotels in the area is driven by the Sinulog Festival which brings hundreds of thousands of guests in the city. The route of the festival traverses the area, driving hotel developers and operators to locate in the site to take advantage of the influx of guests during the season. Some of the hotels located closest to the

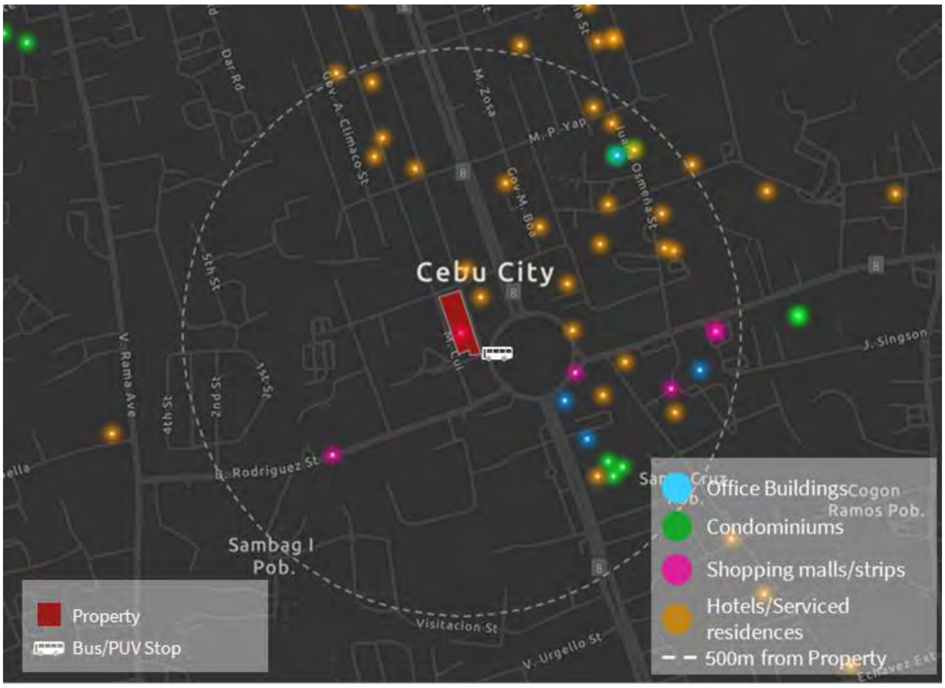
Property includes M Citi Suites, Cuarto Hotel Cebu, Rajah Park Hotel, Apple Tree Suites, and Summit Circle Cebu.

Several office buildings are also found proximal to the Property such as JESA IT Center, Metrobank Plaza, and Base Line HQ located in the Base Line Center, one of the townships by Cebu Landmasters, Inc. in the province housing office towers, condominiums, retail options, and a serviced residence development once completed.

Meanwhile, some condominiums can also be found within the vicinity of Robinsons Cybergate Cebu such as the Base Line Residences, Cityscape Uptown Tower, and the Ultima Prime Residences. Retail options, on the other hand, are also seen surrounding the Property. Notable retail developments proximal to the building includes Robinsons Fuente Osmeña, Raintree Mall, Mango Avenue, and City Soho Mall.

Other than real estate developments, support facilities such as the Chong Hua Hospital is also located within a few steps from the Property. Robinsons Cybergate Cebu is also proximal to Osmeña Boulevard, one of the main throughfares that connects the various parts of the city.

Figure 6-28. Robinsons Cybergate Cebu Neighbourhood Map



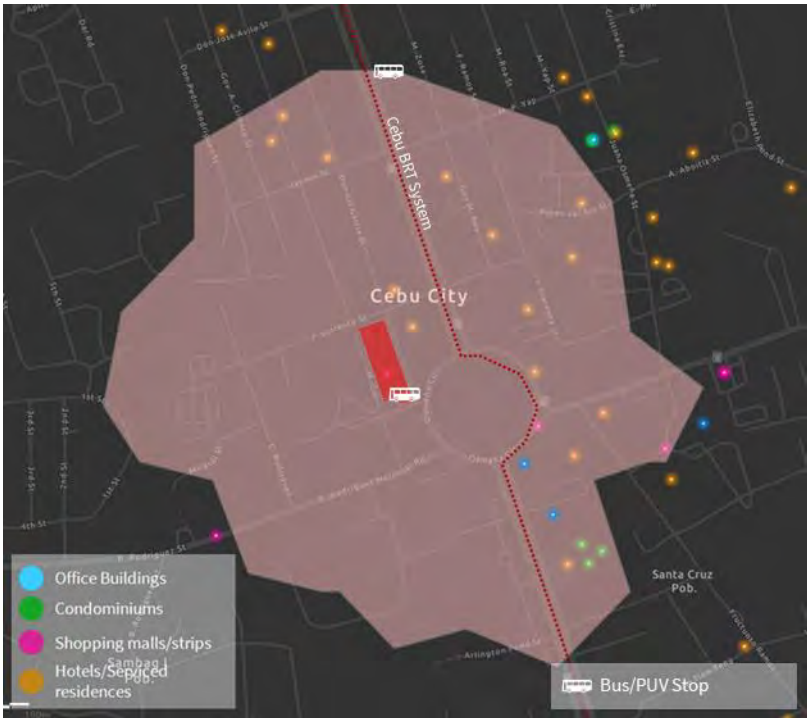
Source: ArcGIS, JLL Research and Consultancy

6.7.3 Accessibility

Robinsons Cybergate Cebu is located in a highly accessible area due to its proximity to Osmeña Boulevard, one of the key thoroughfares in Cebu City. Entrance points of employees and guests are located along Don Gil Garcia and Don Marion Qui Streets, while access to the building's carpark is found along Don Gil Garcia Street.

Access for commuters is good due to the availability of several public utility vehicles traversing Osmeña Boulevard which is located within a 5-minute walk from the Property. The Don Gil Garcia and Don Mario Qui Streets are connected to Osmeña Boulevard, where several public utility vehicles, specifically jeepneys, can drop off passengers directly in the Property, further improving its accessibility for commuters. Some jeepney routes can also drop off passengers at Robinsons Fuente Osmeña which can be reached within a 5-minute walk from the Property, providing options for commuters. However, commuters are limited to these types of transportation options as currently, there is no available mass transit project in Cebu City. Most of the public utility vehicles are only jeepneys, taxis, and some informal motorcycle hailing systems, locally known as habal-habal. This is seen to be alleviated upon the completion of the Cebu Bus Rapid Transit (BRT) system since the nearest stop is located only within a 5-minute walk from the Property. The infrastructure project has been delayed. Despite this, the project is still on play and the first phase, which traverses N.Bacaslo Avenue up to the Provincial Capitol through Osmeña Boulevard, is set to be operational by end-2021.

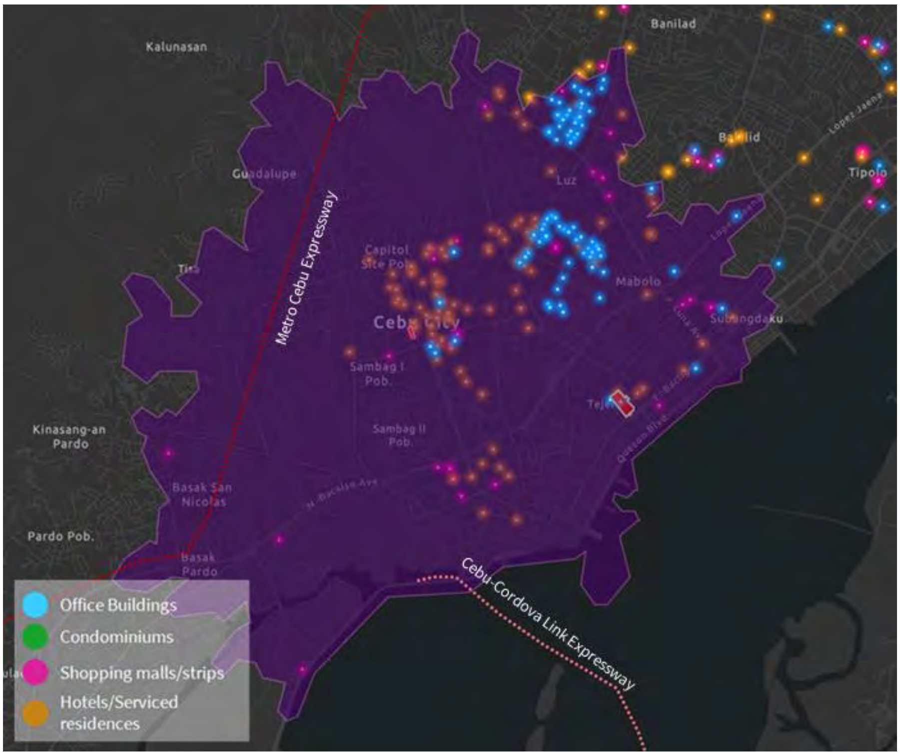
Figure 6-29. 5-minute walk from Robinsons Cybergate Cebu



Source: ArcGIS, JLL Research and Consultancy

Access to the Property for those using private vehicles is also good since the car park entrance of the building is located along Don Gil Garcia which is connected to Osmeña Boulevard. The Property is also located a few minutes away from the main business districts in the city such as the Cebu Business Park and Cebu IT Park which are both about a 10-minute drive away from Robinsons Cybergate Cebu. This makes developments within the Fuente Osmeña area as a good option for firms who already have operations within the main business hubs and are looking for sites to expand to with a relatively lesser cost.

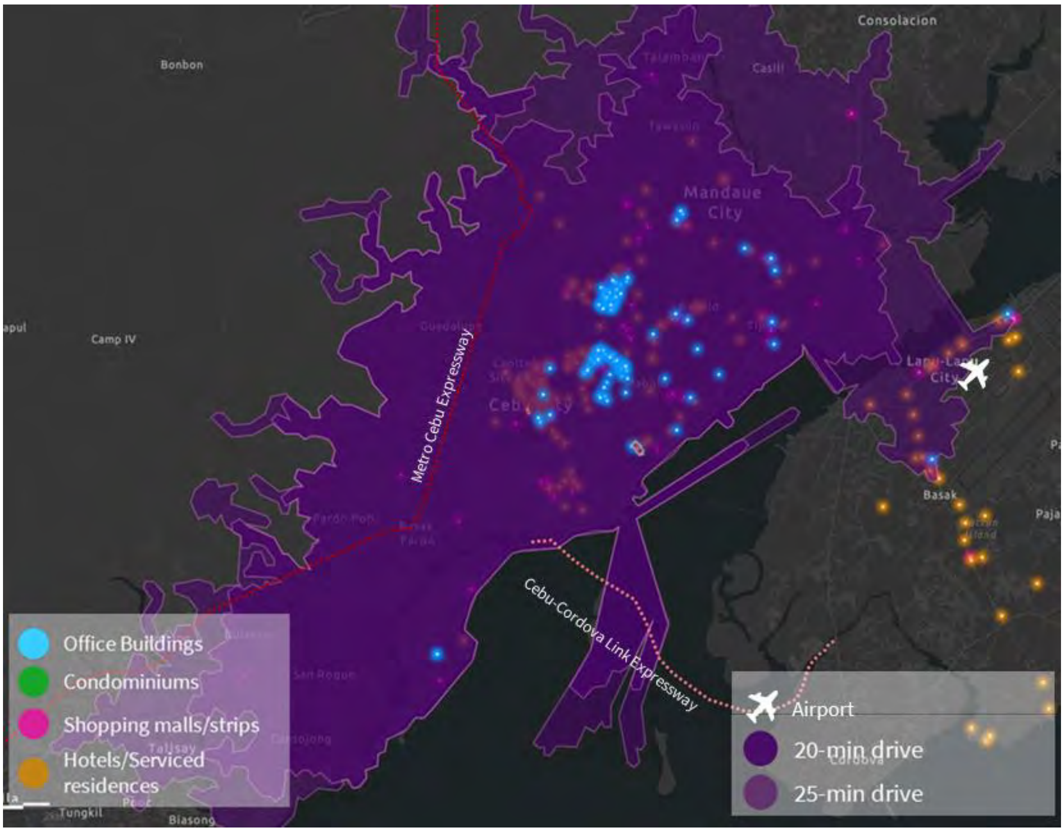
Figure 6-30. 10-minute drive from Robinsons Cybergate Cebu



Source: ArcGIS, JLL Research and Consultancy

Also, the Sergio Osmeña Bridge and the Marcelo-Fernan Bridge which connects the Mactan Island to Mandaue City can be reached within a 20-minute drive from the Property, while the Mactan Cebu International Airport is only approximately 25-minute drive away from the development. However, it is worth to note that traffic condition in both bridges can get heavy during rush hours as these are the only means of going to and from the Mactan Island and mainland Cebu.

Figure 6-31. 20- and 25-minute drive from Robinsons Cybergate Cebu



Source: ArcGIS, JLL Research and Consultancy

Other than existing real estate developments and infrastructure projects, upcoming big-ticket infrastructure developments can also be reached within a short drive time away from the Property, such as the Metro Cebu Expressway and the Cebu-Cordova Link Expressway which can be accessed within a 5- and a 10-minute drive time respectively. Once completed, these projects will further improve the accessibility of the Property and the entire city, and will ease up the travel going to and from various parts of Metro Cebu.

6.7.4 SWOT Analysis

Table 6-8. SWOT Analysis for Robinsons Cybergate Cebu

Strengths	Weaknesses	Opportunities	Threats
Wide floor plate	Relatively older building	Retrofitting or redevelopment of the Property	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Accessible location		Infrastructure projects	Uncertainties stemming from the pandemic
Has direct access to retail options			Evolving office space requirements
Strong occupancy rates			
PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

Accessibility is considered as one of the key strengths of the Robinsons Cybergate Cebu. The development is located in the middle of the city, proximal to the Fuente Osmeña Circle and the Provincial Capitol, giving it easy access to key transportation networks and other commercial real estate developments. However, it is worthy to note that commuters are presented with limited options of transportation modes since only jeepneys, taxis, habal-habal and other ride hailing platforms traverses the area. This is seen to be alleviated upon the completion of key infrastructure projects, specifically the Cebu BRT Line which will have stops located approximately within a 5-minute walk from the Property. Private vehicles, on the other hand, will also have no problem accessing the Property since the development's car park entrance is also located along Don Gil Garcia Street which is directly linked to the Fuente Osmeña Circle road. Also, upon the completion of the Metro Cebu Expressway and the Cebu-Cordova Link Expressway, travel to and from Cebu City to other areas of Metro Cebu will be greatly improved and traffic will be eased especially in the two in the two bridges currently connecting mainland Cebu to Mactan Island.

Besides being easily accessible for employees because of its location, access to complementary facilities are also good. Employees can easily access various retail options since the building has a shopping mall in its lower floors, which makes it an appealing office destination.

Meanwhile, the presence of the Chong Hua Hospital, the Cebu Provincial Capitol, and nearby retail developments such as the Robinsons Fuente Osmeña located proximal to the Property gives it a stable catchment.
30%

Despite this, the location of Robinsons Cybergate Cebu is not considered as a key business highly commercialized. Majority of the developments surrounding the Property are older hotels and very few office establishments are located in the area. Although this might translate to less competition, business interests are still geared towards the main business districts which can be a challenge for the Property.

Developments found within the business districts such as the Cebu Business Park and Cebu IT Park serve as direct competition for the Property. Other than these, newer developments found in the Uptown Cebu area, such as the Base Line Complex, serve as additional competition for the Property.

Robinsons Cybergate Cebu, albeit not the tallest office structure in the area, boasts a wide floor plate spanning around 2,300 sqm wide and is PEZA accredited, making it ideal for firms operating with a large manpower such as the likes of IT-BPM firms. This, together with its easy access to retail options located in the development's lower floors and easy accessibility for the commuting mass gives it an edge over some of the office buildings in the city in terms of attracting various types of occupiers. However, the development is relatively older than other office buildings in the area which could pose as a weakness especially with locators foreseen to flock better-quality developments in the coming years. Despite this, the development is by RLC, one of the developers in the area who has a proven track real estate record nationwide, giving locators and investors the confidence to put their money in the Property.

The ongoing COVID-19 pandemic continue to serve as a key threat to the property. Business activities have been limited with firms re-evaluating their costs and operations with new business practices being implemented such as work from home arrangements and employing a skeletal workforce, among others. As an effect, office space requirements have also been evolving ever since the pandemic began. However, the Property still registered a stable occupancy of 100% as of end-

2020, buoyed by the continued operations of its anchor tenants, showcasing its resiliency and ensuring the developer with a stable rental income.

6.8 Robinsons Galleria Cebu Office

6.8.1 Location and Property Details

Robinsons Galleria Cebu Office was completed in 2017 and is the second mixed-use development with an office component following Robinsons Cybergate Cebu. The development forms part of the Robinsons Galleria Cebu Complex, a 5-hectare mixed use development by RLC which houses an office, residential and hospitality components, all anchored on Robinsons Galleria Cebu Mall. The mixed-use complex is found within the 200-hectare North Reclamation Area. It stands at 4-storeys high and offers approximately 8,850 sqm of leasable office space to the market. Of the four floors in the development, around 4,000 to 4,700 sqm in two floors are allocated for office tenants, while all four floors house a component of the shopping mall. The office component of the development is PEZA registered and capable of 24/7 operations, making it an ideal destination for IT-BPM companies. As of 2020, the entire development is being occupied by IT-BPM companies with the likes PMAX Global and Sykes.

Robinsons Galleria Cebu Office is located along General Maxilom Avenue corner Sergio Osmeña Boulevard, Cebu City. The development is bounded by B. Benedicto Street in the north where the entrance and main drop off point of Summit Hotel Cebu, a hotel development connected to the Property, is found. The Property is bounded by 13th Avenue in the west, and General Maxilom Avenue Extension, where the main entrance and drop off point of the Robinsons Galleria Cebu is situated as well as the primary access point to the development's car park, in the east. Meanwhile, the main employee entrance for Robinsons Galleria Cebu Office is found along Sergio Osmeña Boulevard located on the south of the development.

Figure 6-32. Robinsons Galleria Cebu Office Location Map

Source: ArcGIS, JLL Research and Consultancy

6.8.2 Neighbourhood Profile

Due to its proximity to Mandaue City, as well as to Cebu International Port, majority of the developments surrounding the Property are industrial in nature. There is limited number of commercial buildings surrounding the Property, most of which are also located within the Robinsons Galleria Cebu Complex although some are found adjacent to it such as a couple of lower tier hotels (Hotel Pier Cuatro and Crown Port View Hotel) and a condominium (Parthenon Residences).

Despite the lack of commercial developments surrounding the Property, the fact that it is located within a mixed-use complex is enough for office tenants to thrive. Support establishments such as a shopping mall to provide their retail needs, as well as condominiums and a hotel to cater to their accommodations are already present.

Figure 6-33. Robinsons Galleria Cebu Office Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.8.3 Accessibility

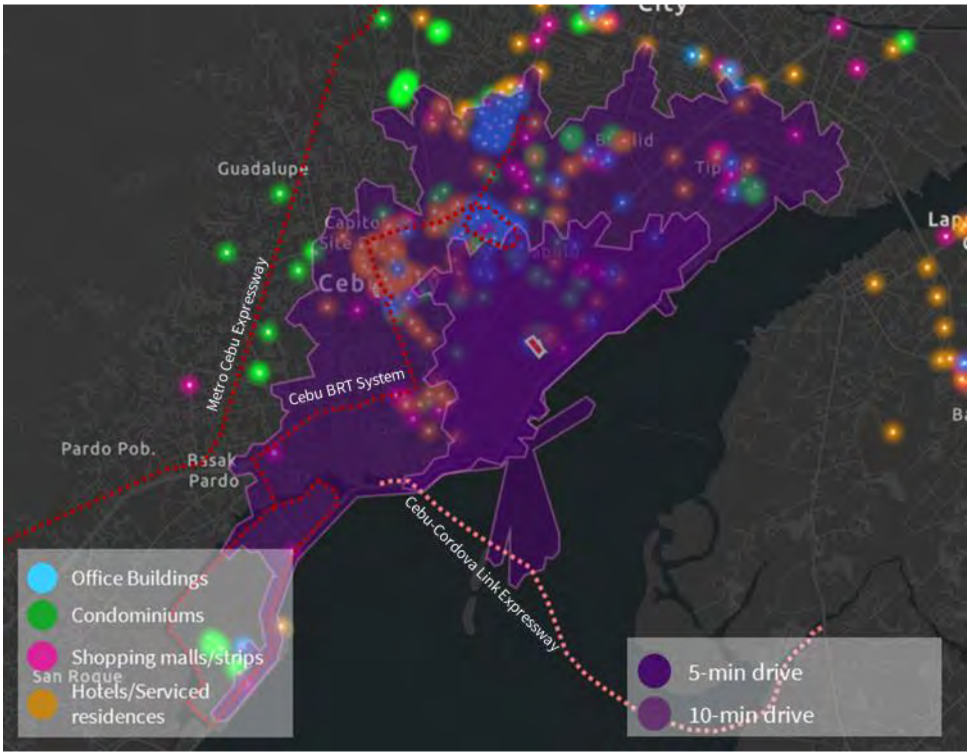
Although the Property is located in an area where there are not much commercial activities, it is still found in a highly accessible location due to its proximity to General Maxilom Avenue and Sergio Osmeña Boulevard, which are the main thoroughfares in the city. Robinsons Galleria Cebu Office can be accessed via public utility vehicles such as jeepneys, habal-habals or taxis which drops off passengers directly in front of the development. Free shuttle services going to and from the development and other parts of the city such as Robinsons Fuente, Cebu International Port, and Cebu North Bus Terminal, among others, are also available for passengers, although they are required to present a receipt worth PHP 200 before being allowed to hop on the shuttle. During the pandemic, however, this service is being offered for free for commuters. During the pandemic, however, this service is being offered for free for commuters.

Figure 6-34. 5-minute walk from Robinsons Galleria Cebu Office

Source: ArcGIS, JLL Research and Consultancy

Access for those taking their own private vehicles is also good since the entrance of the building's car park is located along General Maxilom Avenue Extension. Also, other business districts such as the Cebu Business Park can be reached within a 5-minute drive time from the Property, while Cebu IT Park and the Uptown business area are accessible within a 10-minute drive.

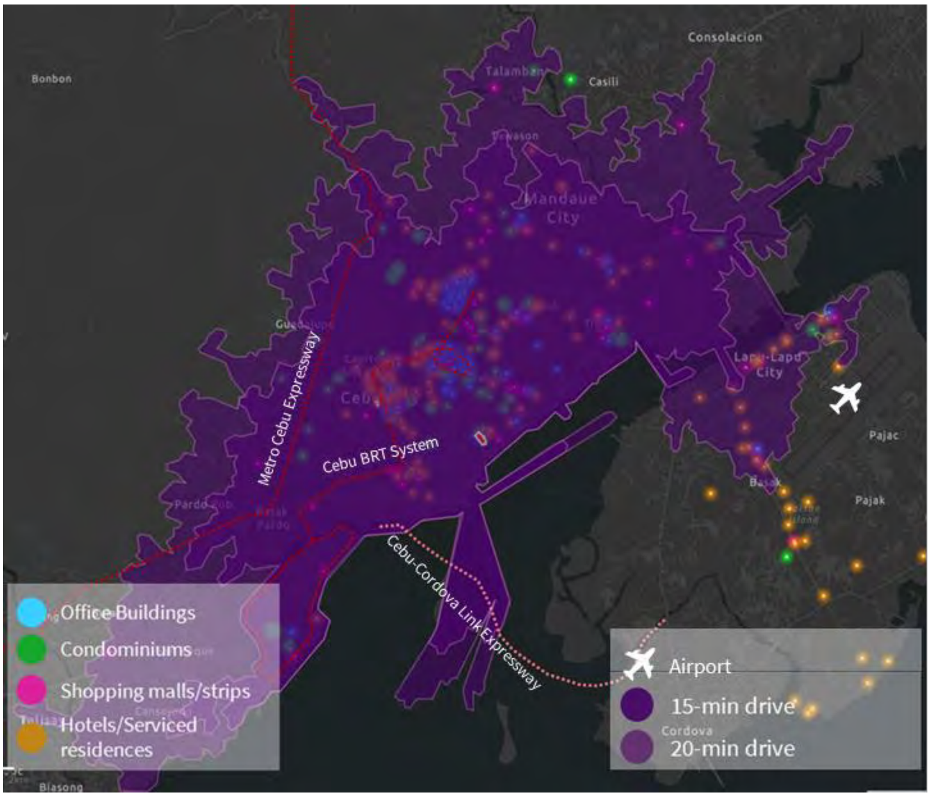
Figure 6-35. 5- and 10-minute drive from Robinsons Galleria Cebu Office



Source: ArcGIS, JLL Research and Consultancy

Meanwhile, other parts of the metro, specifically Lapu-Lapu City in the Mactan Island, can be accessed within a 15-minute drive from Robinsons Galleria Cebu Office, while the Mactan Cebu International Airport can be reached within a 20-minute drive from the Property.

Figure 6-36. 15- and 20-minute drive from Robinsons Galleria Cebu Office



Source: ArcGIS, JLL Research and Consultancy

Although connectivity of the Property is already one of its advantages over other real estate developments, this is still seen to further improve in the coming years with the completion of key infrastructure projects such as the Cebu-Cordova Link Expressway and the Metro Cebu Expressway which can be reached within a 10-minute and a 15-minute drive from the development, respectively. Once completed, these projects will improve the connectivity of the area to and from other parts of Cebu, eventually bringing in more business interest and opportunities in the different parts of the metro. The Cebu-Cordova Link Expressway in particular, which is seen to alleviate the worsening traffic conditions going to and from mainland Cebu to Mactan Island, may bring more opportunities to the Property given its proximity to the upcoming infrastructure project.

6.8.4 SWOT Analysis

Table 6-9. SWOT Analysis for Robinsons Galleria Cebu Office

Strengths	Weaknesses	Opportunities	Threats
Wide floor plate		Infrastructure projects	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Relatively new development compared to proximal existing developments			Uncertainties stemming from the pandemic
Accessible location			Located in the fringe areas of a business hub
Located within a mixed-use community			Evolving office space requirements
Strong occupancy rates			
PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

Robinsons Galleria Cebu Office is located in a highly accessible area by both the commuting mass and those utilizing their own private vehicles. Passengers going to the Property using public transportation can be dropped off at the stop located in front of the development along General Maxilom Avenue Extension. Passengers can also alight the public utility vehicles in a drop off point along Sergio Osmeña Boulevard where the main entrance for employees are located. Other than the usual jeepneys, taxis and habal-habal which are the primary mode of transportation for commuters in the city, free shuttle services are also present in Robinsons Galleria Cebu.

Likewise, accessibility for those using their own private cars is also good since the Property is bounded by two of the major throughfares in the city, General Maxilom Avenue Extension and Sergio Osmeña Boulevard, which is connected to various parts of Cebu. Despite already showcasing good accessibility as of present, this is still seen to further improve upon the completion of key infrastructure projects proximal to the development. One of these would be the Cebu-Cordova Link Expressway, located just about a 5-minute drive away from the Property, which will connect the Mactan Island to mainland Cebu. Upon completion, not only will this alleviate traffic going to and from the two islands, but this is also seen to drive more economic activities in the south of Cebu city, specifically in the North Reclamation Area as well as in the South Road Properties since these districts are the closest to the bridge.

Similar with Robinsons Cybergate Cebu, Robinsons Galleria Cebu Office is located outside the established business areas of the city. This can be observed when looking at the Property's neighbourhood wherein it is evident that majority of the proximal developments are industrial in nature, as well as some lower grade commercial establishments. Despite this, the Property is located within Robinsons Galleria Cebu Complex, a mixed-use development which already houses various establishments that can cater to the needs of the immediate neighbourhood. Condominiums, a major shopping mall, and a hotel can be found within the complex which can serve the housing and retail needs of the employees working in the Property.

However, developments found within the establish business hubs of Cebu City may likely pose as a competition for the Property since interest has been originally directed towards these hubs, and other complexes and locations serve as secondary options for interested firms. Other than the possible competition coming from the established business hubs, there is also the presence of upcoming business districts in Cebu City, as well as office buildings in Metro Manila which serve as indirect competition for the Property since they are relying on the same, limited market.

The development, although not the tallest structure in the area, has a wide floor plate ranging from 4,000 to 4,700 sqm each, ideal for firms looking for spaces that could house their entire manpower. Robinsons Galleria Cebu Office is also considered a relatively new development, especially in the North Reclamation Area, with a PEZA accreditation, and by RLC who is a notable developer with a proven real estate track record nationwide, which serve as some of its key strengths especially now with occupiers pursuing better quality structures to uplift the health and safety of their employees.

The COVID-19 pandemic still serves as the biggest threat for the Property, much like any other real estate developments, as the market has been limited with multiple businesses downsizing or putting their expansion plans on hold until the situation stabilizes. This led to a continuously evolving office space requirements of businesses. The Property, however, was still able to maintain a high occupancy of about 98.6% as of end-2020 due to the constant activities of its anchor tenants, proving that it is a strong development that would be able to generate stable income despite the pandemic.

6.9 Cybergate Delta 1

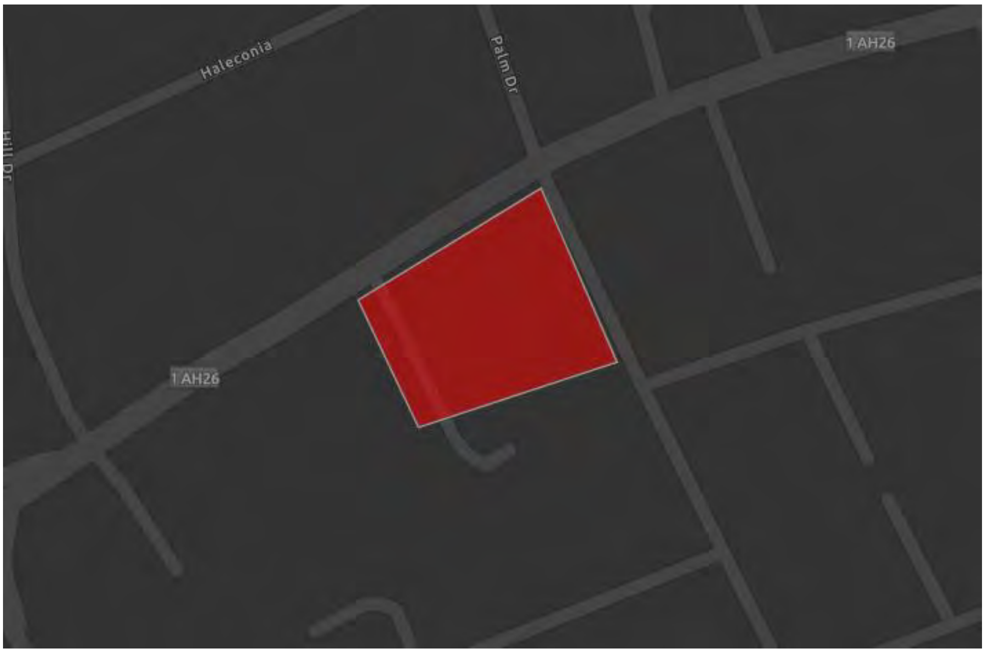
6.9.1 Location and Property Details

Cybergate Delta 1 was RLC's pioneer office development within Davao City that was completed in 2018, relatively newer compared to other office towers found in the city. The development is five-storeys high, housing approximately 11,900 sqm of leasable office space to the market. Each floor spans around 2,500 sqm each, wide enough to accommodate firms requiring a large manpower to be housed in a single space. Also, the building has retail stores available at its ground floor, and is capable of 24/7 operations. Cybergate Delta 1 is PEZA-registered, making it one of the most viable options for IT-BPM firms to locate in the area.

The wide floor plate, capacity to house 24/7 operations, and PEZA-certification has attracted IT-BPM firms and flexible workspace providers to locate in the building. To date, majority of the leasable spaces in Cybergate Delta 1 is being occupied by the aforementioned industries, with VXI Philippines as one of the key tenants operating in the development.

Cybergate Delta 1 is found along JP Laurel Avenue, Davao City. It is bounded by JP Laurel Avenue in the north where the main access points and entrance for pedestrians are found. The entrance to the basement car park of the development can also be accessed through the same road. On the east and the west of the Property are some informal developments, while Cybergate Delta 2 is found on the south of the development. Cybergate Delta 2 is the newest office development of RLC found in Davao City, just completed last 2020. Both Cybergate Delta 1 and 2 are found within Robinsons Cyberpark Davao, a PEZA-registered IT Park in the city and are proximal to support facilities and other major developments such as the Southern Philippines Medical Center (500 metres away), Abreeza (1.0 kilometres away), SM Lanang Premier (1.7 kilometres away), and Damosa IT Park (1.9 kilometres away).

Figure 6-37. Cybergate Delta 1 Office Location Map



Source: ArcGIS, JLL Research and Consultancy

6.9.2 Neighbourhood Profile

Cybergate Delta 1 is located at one of the areas where there is a concentration of business activities in Davao City. The city is currently seeing an introduction of better-quality developments driven by the increased interest for the same coming from large firms such as IT-BPMs and corporate occupiers. The rapid urbanization of the city that comes with upcoming big ticket infrastructure projects and real estate developments are seen to greatly improve the immediate neighbourhood of the Property.

Some retail developments, such as the Bajada Plaza and Savemore Market Bajada, can be found proximal to the Property which gives locators easy access to retail options other than those found in the ground floor of the development. Similarly, condominiums with the likes of the Northpoint community can be found near the Property, giving locators, especially those residing from outside the Davao City, housing options that can be easily reached. Other than condominiums, a couple of budget hotels are also found within a 500-metre radius from Cybergate Delta 1 such as the Villa Margarita Hotel and The Metropolis Suites, providing short term accommodations for visitors.

Other than these developments, majority of the structures surrounding the Property are smaller commercial developments, while the nearest office development would be the newly completed Aeon Towers.

Figure 6-38. Cybergate Delta 1 Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.9.3 Accessibility

Cybergate Delta 1 is standing along JP Laurel Avenue, one of the key thoroughfares in the city, giving it great accessibility for both commuters and those utilizing their own private vehicles. Main entrance points for the employees and the car park of the building are both located along the same road.

Majority of the available public utility vehicles in the city traverse JP Laurel Avenue, making commuting to and from the Property easy for those utilizing the public transportation system. Several modes of transportation are available in Davao City such as jeepneys, taxis, tricycles, and ride hailing applications. However, commuters are limited to these options as to date, no bus and rail networks are available in the area that will traverse the Property. The newly operational Davao Interim Bus System may provide additional options for commuters to reach the Property, especially those residing in the fringe areas of the city, although another stop may be taken as the route of the bus system does not pass by JP Laurel Avenue. This will also be the case for the upcoming Mindanao Railway which, upon completion, can bring in critical mass to the area. However, the railway will also not traverse JP Laurel Avenue so another stop would need to be taken to reach the Property.

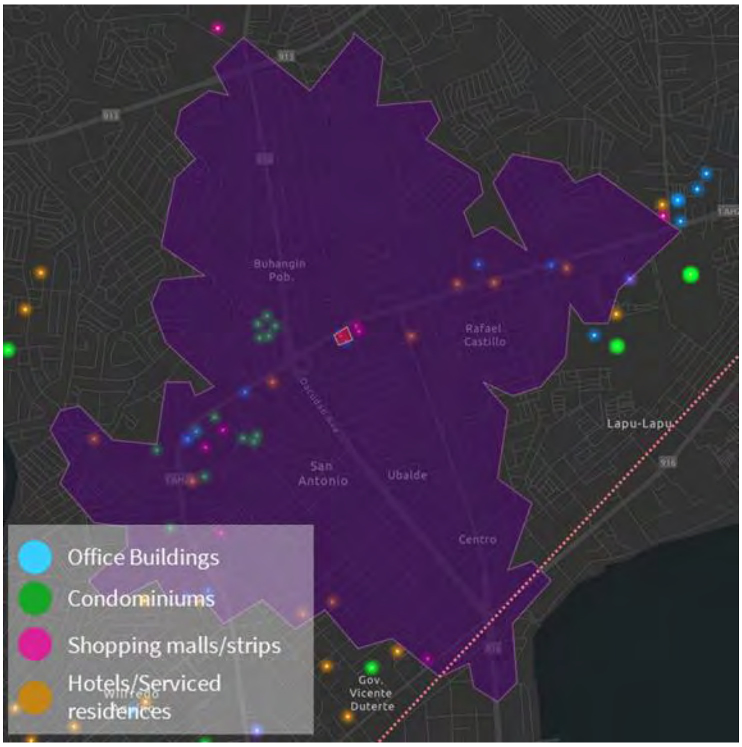
Also, several key real estate developments can already by reached within just a 15-minute walk from the Property, such as the buildings within its neighbourhood, as well as the Abreeza complex which provides more retail options that can be accessed within a short distance.

Figure 6-39. 5- and 10-minute walk from Cybergate Delta 1

Source: ArcGIS, JLL Research and Consultancy

Access for those utilizing their own private vehicles is good since the entrance of the development is located along JP Laurel Avenue. Also, the traffic condition in the city is not as heavy compared to Metro Manila and Metro Cebu, which makes travel to and from the various business hubs easier. Several key office complexes can already be reached within a 5-minute drive from the Property, such as the Damosa IT Park and the Abreeza complex, among others. This makes it easier for companies with business in the other hubs to go to and from their other sites and puts the Property in a good position to absorb spill over demand from these two business complexes.

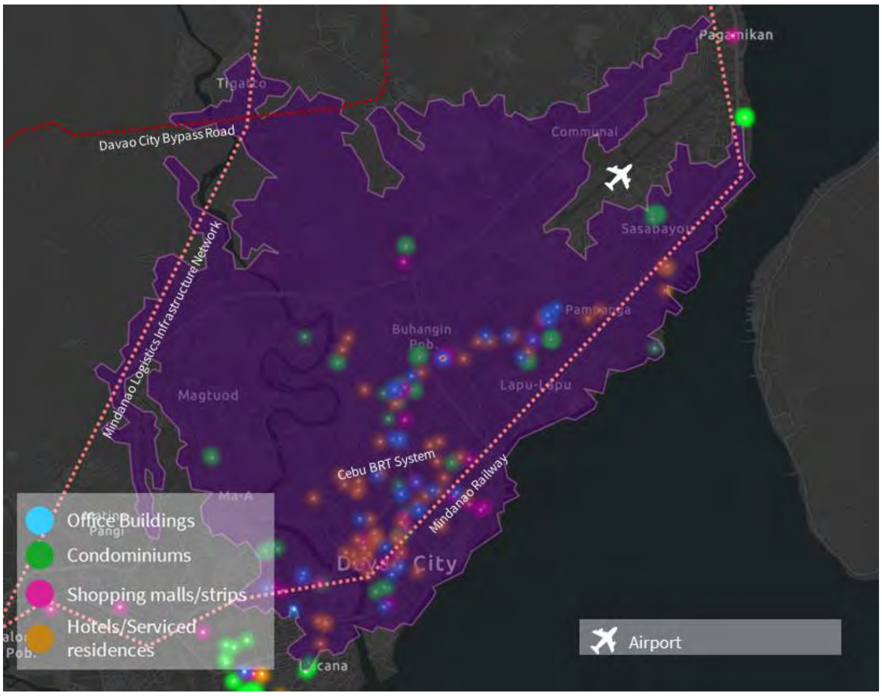
Figure 6-40. 5-minute drive from Cybergate Delta 1



Source: ArcGIS, JLL Research and Consultancy

Also, majority of Davao City can be reached within a 15-minute drive from the Property, including the Francisco Bangoy International Airport, making all support facilities and key transportation networks easily accessible. Accessibility and connectivity are seen to further improve upon the completion of the Davao City Bypass Road which can be reached within a 15-minute drive from the Property.

Figure 6-41. 15-minute drive from Cybergate Delta 1



Source: ArcGIS, JLL Research and Consultancy

6.9.4 SWOT Analysis

Table 6-10. SWOT Analysis for Cybergate Delta 1

Strengths	Weaknesses	Opportunities	Threats
Sizeable development	Presence of nearby RLC properties which may cannibalize on the same market	Infrastructure projects	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Accessible location			Uncertainties stemming from the pandemic
Strong occupancy rate			Evolving office space requirements
Relatively newer development			
PEZA-accredited development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

The Property exhibits great accessibility as it is located along JP Laurel Avenue which is considered as one of the key thoroughfares in the area, connecting various parts of the city. Accessibility for the commuting is easy as various public networks are already existing which traverse the area. Meanwhile, those using their private vehicles will also have no problem going to and from the Property since the main entrance of the development's car park is also found along the same road. Also, traffic conditions in the city is not as heavy compared to Metro Manila and Metro Cebu which makes it easier for the mass to reach various parts of the city easier and faster. The accessibility of the Property is seen to be improved upon the completion of various major infrastructure projects such as the Mindanao railway and the Davao City Bypass road. Although not traversing the Property directly, these are still seen to bring in critical mass from the different parts of the city to the city centre where majority of business activities take place.

Key IT parks and mixed-use complexes are only minutes away from the Property, making it easier for those with businesses or sites in multiple locations. However, given that these developments are proximal with each other, competition would also be tight as they would most likely try to get a piece of the same limited demand. Besides the competition coming from the different office developments within Davao City, office buildings from other provincial business centres such as those found in Metro Cebu are also seen to serve as indirect competition for the Property, especially since both areas are heavily driven by the IT-BPM firms expanding their footprints from Metro Manila. Also, Cybergate Delta 1 is located adjacent to the upcoming Cybergate Delta 2 which may result to cannibalization especially with the limited demand as business activities are still kept on a minimum.

Cybergate Delta 1 is one of the larger developments in Davao City, offering around 11,900 sqm of PEZA-accredited leasable office stock to the market and developed by RLC who has a notable real estate track record in the country. Each floor in the development spans around 2,500 sqm which is needed by firms, such as those in the IT-BPM industry, with a large manpower. Also, the development was just recently completed in 2017, and is relatively newer compared to surrounding office towers.

The pandemic remains as the biggest threat for the Property and the entire real estate market in Davao City. Office requirements are continuously changing as locators adapt to new business protocols. Although the city was able to see some green shoots in the latter part of the year with net absorption at a positive, business activities are still slow with sentiments still remaining cautious. Despite this, the Property still maintained a strong occupancy rate of 100% due to the resiliency of its anchor tenants which continued their operations, proving that it is a strong asset that could generate a continuous inflow of rental income even with business activities slowing down.

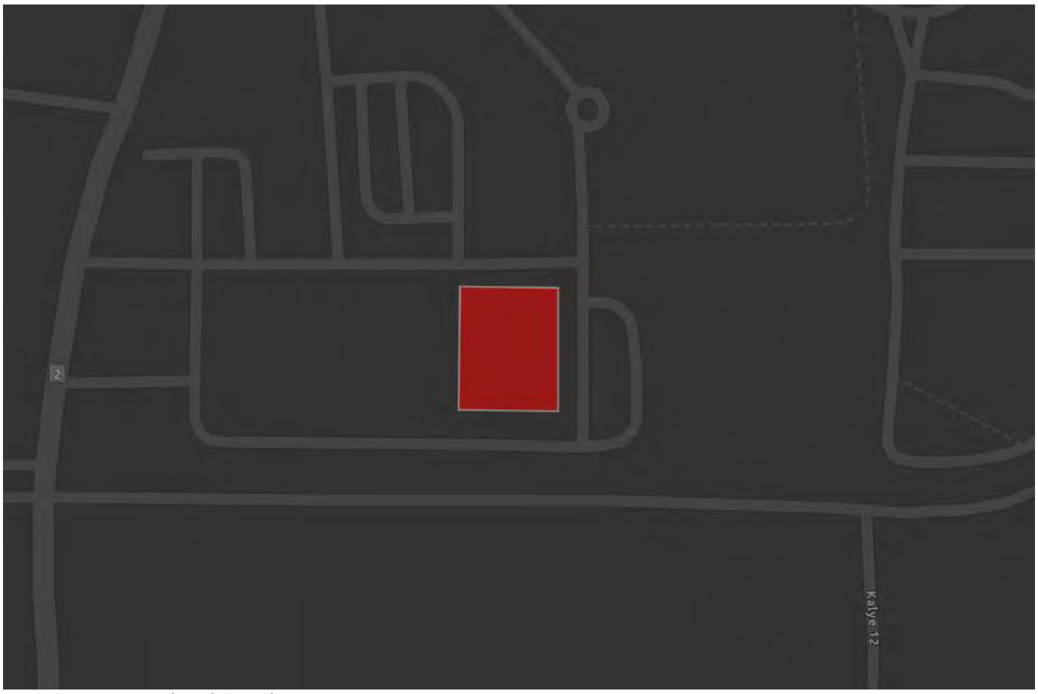
6.10 Robinsons Luisita 1

6.10.1 Location and Property Details

Robinsons Luisita 1 is a build-to-suit development completed in 2018. Sitel first signed an agreement with RLC to reconfigure the entire building to fit their own specifications within the same year, and has branched out to two more office buildings adjacent to their first site. The office development is a 3-storey structure which offered about 5,700 sqm of office space to its client, wherein each floor is approximately 1,900 sqm wide. It is considered as one of the notable office developments in the city, and is the only one by a major developer.

Robinsons Luisita 1 is located along McArthur Highway, Barangay San Miguel, Tarlac City. It is standing within the 10.7-hectare Robinsons Luisita Complex which is anchored in Robinsons Luisita Mall. The development is bounded by an inner street in the North, East and South, and the Robinsons Luisita Mall in the West. The main access point of the property is found along McArthur Highway which is just a few steps away from the property. Robinsons Luisita 1 is approximately 400 metres away from Luisita Access Road which is connected to SCTEX, 1.5 kilometres from Luisita Industrial Park, and 32 kilometres away from Clark International Airport.

Figure 6-42. Robinsons Luisita 1 Office Location Map



Source: ArcGIS, JLL Research and Consultancy

6.10.2 Neighbourhood Profile

Tarlac City, albeit being the capital of the Province of Tarlac, is still not as commercialized as other business hubs in Central Luzon. To date, it is being considered as the gateway to Northern Luzon and a transit area for visitors traversing the region rather than a destination. This is evident when looking at Robinsons Luisita 1's neighborhood map as no other major real estate development is seen within a 500-metre radius from the Property. Majority of the developments found proximal to the Property are unorganized dwelling places and some schools. Meanwhile, the only notable developments within Robinsons Luisita 1's neighborhood would be the other buildings within the Robinsons Place Luisita complex, as well as Toyota Tarlac City.

Despite not having a highly commercialized neighbourhood, major thoroughfares are found surrounding the Property such as the McArthur Highway and Luisita Access Road, both connected to key highways in Luzon, specifically the North Luzon Expressway and the Subic-Tarlac Expressway.

Figure 6-43. Robinsons Luisita 1 Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.10.3 Accessibility

Robinsons Luisita 1 is standing in an easily accessible area in Tarlac City due to its proximity to some of the key thoroughfares in the area such as the McArthur Highway and Luisita Access Road. The main access point of the Property is through the entrance of the Robinsons Place Luisita complex along McArthur Highway where various public utility vehicles pass through. Although the entrance of the Property is not directly along McArthur Highway, the thoroughfare can be reached within a 5-minute walk, making it easy to access by the commuting mass since public utility vehicles can drop off passengers along the road.

Support facilities such as restaurants and banks are also available within the Robinsons Place Luisita complex, providing locators and employees with easy access to their daily needs.

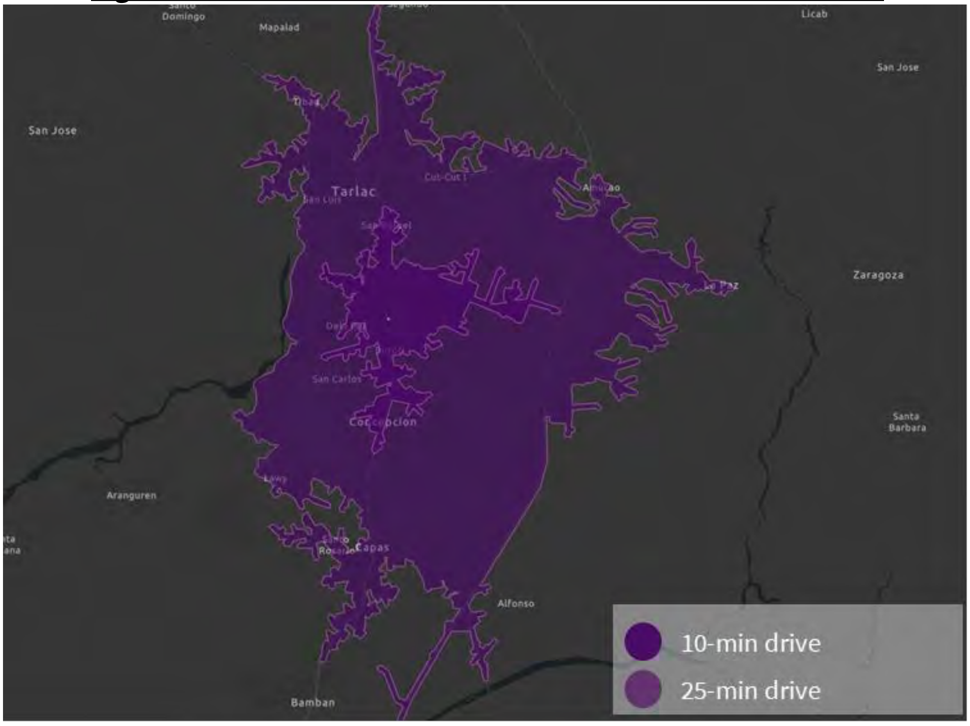
Figure 6-44. 5-minute walk from Robinsons Luisita 1

Source: ArcGIS, JLL Research and Consultancy

Meanwhile, other key thoroughfares in the Central Luzon region are proximal to the Property. The Subic-Clark-Tarlac Expressway can be accessed within a 10-minute drive from Robinsons Luisita 1 which connects Tarlac City to the main economic districts in Clark. This puts developments within Tarlac City in a good position to absorb a spill over of demand coming from Clark and other business districts in Pampanga. Also, the upcoming Central Luzon Link Expressway connecting Nueva Ecija and Tarlac can be reached within a 25-minute drive from the Property. Upon completion, the expressway would cut down the travel time between the two provinces from 70 minutes to 20 minutes.

Major real estate developments such as the Luisita Industrial Park and the upcoming Cresendo by ALI can also be reached within a 10-minute drive time from the Property.

Figure 6-45. 10- and 25-minute drive from Robinsons Luisita 1



Source: ArcGIS, JLL Research and Consultancy

6.10.4 SWOT Analysis

Table 6-11. SWOT Analysis for Robinsons Luisita 1

Strengths	Weaknesses	Opportunities	Threats
Sizeable development	Still developing office market	Infrastructure projects	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Accessible location		Presence of notable industrial firms	Uncertainties stemming from the pandemic
Strong occupancy rate			Evolving office space requirements
Better quality development			
PEZA-accredited development			
Within a mixed-use development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

Robinsons Luisita 1 is strategically located along McArthur Highway, one of the key thoroughfares in Tarlac City. Several public utility vehicle routes traverse the road, making it easily accessible by both the commuting mass coming from the different parts of the city and nearby provinces. The Property can also be accessed easily by those using their private vehicles since McArthur Highway traverses the entire city and connects it with neighbouring areas. Also, the Property is proximal to the Luisita Access Road which is connected to the Subic Clark Tarlac Expressway, further improving the accessibility and connectivity of the area. Upcoming infrastructure projects specifically the Central Luzon Link Expressway is foreseen to further upgrade the connectivity of the Property as will ease the travel time from Nueva Ecija and Tarlac once completed. These existing and upcoming infrastructure projects are foreseen to bring in business and critical mass to Tarlac City in the coming years as firms expand into premature markets.

Nonetheless, it is worth noting that the office market in Tarlac remains at its early stage which may cap the near term upside of the local market. While development within and around the city are expected, office interest may remain subdued as locator preference continues to be funnelled into more established districts such as Metro Manila or in the nearby Clark.

The existing Clark Freeport Zone and the upcoming New Clark City are minutes away from the Property, putting it in a good position to absorb a spill over of demand coming from these business hubs. However, this also entails that the Property is in direct competition with these hubs which would pose a challenge in terms of attracting investors and locators. Clark Freeport Zone is already more established with several spaces available to be occupied, while New Clark City has gained the attention of firms with its impeccable masterplan and design initiatives. Another development that should be watched out for would be Cresendo by ALI, a 290-ha masterplanned project just minutes away from Robinsons Place Luisita. The integrated community will house small office spaces within their commercial district once completed. Besides these districts, the overall preference of firms to locate in Metro Manila will also likely serve as a challenge for the Property to attract potential locators in the development.

Robinsons Luisita 1 is one of the very few quality grade buildings found in Tarlac City, developed by a major developer with a proven track record. It offers about 5,780 sqm of PEZA-accredited office stock in the market. Each floor in the development spans around 1,900 sqm which is tailored fit for the requirements of its sole tenant, Sitel. The development was completed and officially opened its doors in 2015. The attractiveness of the development may stem from it being located within a mixed-use development housing various support facilities such as retail options which is crucial specifically for firms operating on a 24/7 basis.

The office market in Tarlac City, much like all markets in the country, will continue to be affected by the pandemic. Requirements of locators may continuously change as they adapt and fit the evolving business practices. Nonetheless, the Property maintained a strong occupancy of 100% in 2020, supported by the continuous operations of Sitel. Also, Sitel is looking at establishing more locations in Tarlac City in the coming years, showcasing its resiliency and strong interest in the city which is an advantage for the Property. Besides this, the growing presence of industrial firms in Tarlac City may soon have requirements for their offices as they expand their operations. This proves that Robinsons Luisita 1 is a strong asset that will continuously generate rental income even with overall business sentiments slowing down in various markets.

6.11 Cybergate Naga

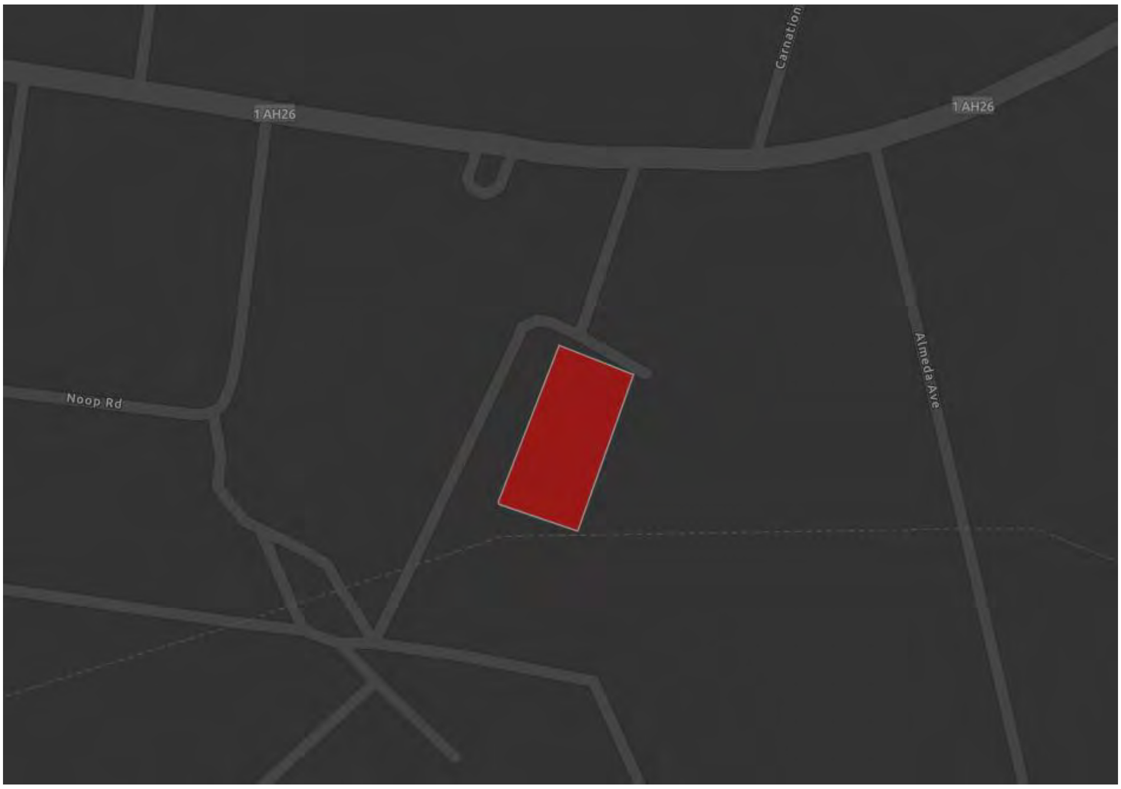
6.11.1 Location and Property Details

Cybergate Naga was RLC's flagship office building in Naga City which started its operations in 2018. The development is a 4-storey tower housing about 6,000 sqm of leasable office space to the market. Each office floor is approximately 2,600 to 3,000 sqm, making it ideal for firms with a large manpower. Cybergate Naga is also PEZA-registered and is capable of 24/7 operations, putting it on an advantage when it comes to attracting IT-BPM firms.

Due to the specifications of the Property such as its wide floor plate, capability to house 24/7 operations, the entire development is currently occupied by IT-BPM firms. One of the notable tenants operating in the development is Quantrics Enterprises, Inc.

Cybergate Naga is situated along Naga Diversion Road corner Almeda Highway, Naga City. It is housed within Robinsons Place Naga, a 10.7-hectare mixed-use development by RLC. The complex houses office buildings and a hotel anchored in Robinsons Place Naga which is considered as one of the key retail malls in the area. The Property is bounded by an inner street in the North, an ongoing construction in the South, Robinsons Supermarket Naga in the West, and Robinsons Place Naga in the East. The Property is connected to Robinsons Place Naga through its third floor, giving employees easy access to various retail goods. The main entrance of the entire complex is located along Almeda Highway, although the office building can also be accessed through Roxas Avenue. Cybergate Naga is proximal to support facilities such as the NICC Doctors Hospital (35-metres away), Mother Seton Hospital (200-metres away), and the Naga City Central Bus Terminal (700-metres away). It is also close to other notable real estate developments such as the SM City Naga (1-kilometre away) and Yashano Mall Naga (280-metres away), among others.

Figure 6-46. Cybergate Naga Office Location Map



Source: ArcGIS, JLL Research and Consultancy

6.11.2 Neighbourhood Profile

Standing in one of the key business hubs in Naga City, the neighbourhood of Cybergate Naga sees a couple of notable real estate developments and support facilities that are available to support the needs of current and potential locators. Several retail establishments surround the Property, including Robinsons Place Naga which is directly connected to Cybergate Naga. Yashano Mall and ALDP Plaza Mall are also some of the retail developments proximal to the Property. Meanwhile, hotels are also found near the development such as Go Hotels Naga and the upcoming Summit

Hotel Naga which are both located within the Robinsons Place Naga complex. Hotel Sogo is another budget hotel found proximal to the development.

Besides real estate properties, Cybergate Naga is also surrounded by several hospitals and transportation hubs which provide support to the employees working in the building. Some of the key hospitals near the Property include the NICC Doctors Hospital, and Mother Seton Hospital, among others. Meanwhile, the Naga City Central Terminal is also proximal to the Property.

Figure 6-47. Cybergate Naga Neighbourhood Map

Source: ArcGIS, JLL Research and Consultancy

6.11.3 Accessibility

Cybergate Naga can be accessed through Robinsons Place Naga complex's entrance along Roxas Avenue which is one of the major roads in Naga City. Several stops for public utility vehicles can be found along Roxas Avenue which makes it easy for commuters to access the Property.

A proliferation of support facilities can be found surrounding Cybergate Naga such as the NICC Doctors Hospital and the ALDP Mall which can be reached within a 5-minute walk, providing employees with easy access to their daily needs. Also, other real estate components within the Robinsons Place Naga complex such as the Robinsons Place Naga and Go Hotel provides retail and accommodation needs to the locators operating within Cybergate Naga.

Cybergate Naga is also proximal to Naga's Central Business District II, also locally known as the City's Transport Exchange. This is evident when looking at the vicinity of the Property as one of the major terminals in the city can be accessed within a 10-minute walk such as the Naga City Central

Terminal making the development easily accessible for commuters coming from within Naga City, as well as those from Metro Manila since the terminal is also the stop of long-haul buses from the region.

Figure 6-48. 5- and 10-minute walk from Cybergate Naga

Source: ArcGIS, JLL Research and Consultancy

Meanwhile, access for those using private vehicles is also easy due to the Property being located along a major thoroughfare in Naga City. When looking at the 10-minute drive from Cybergate Naga, it is observed that majority of the main business districts in the city, including CBD I and CBD II, put the Property at an advantage to absorb a spill over of demand from these districts.

Figure 6-49. 5- and 10-minute drive from Cybergate Naga

Source: ArcGIS, JLL Research and Consultancy

6.11.4 SWOT Analysis

Table 6-12. SWOT Analysis for Cybergate Naga

Strengths	Weaknesses	Opportunities	Threats
Sizeable development	Still developing office market	Lack of current and mixed-use developments by major developers	Presence of new competing developments in immediate vicinity and other business hubs in the metro
Accessible location			Uncertainties stemming from the pandemic
Strong occupancy rate			Evolving office space requirements
Relatively newer development			
PEZA-accredited development			
Within a mixed-use development			
Good anchor tenants			
Developer track record			

Source: JLL Research and Consultancy

Accessibility is one of the key strengths of Cybergate Naga as it is located along Roxas Avenue which is known as one of the major thoroughfares in Naga City. Access for those utilizing their private vehicles would be easy as Roxas Avenue is connected to other roads which traverse various parts of the city. Meanwhile, commuters are presented with various options when accessing the Property since multiple terminals are found surrounding the development. These terminals are catering to both the commuting mass coming from within the city, as well as those from Metro Manila, aiding commuters to access the Property easier and faster.

Currently, the real estate landscape in Naga City is dominated by local developers who are primarily targeting smaller players and locators. The only notable developments in the city by a major developer are SM Naga City and Robinsons Place Naga by SMPHI and RLC, respectively. Of these two, only Robinsons Place Naga is a mixed-use community which puts it at an edge over other developments since support facilities, such as retail stores and accommodations, are within an arm's reach from the office building. Hospitals and terminals, even though not part of the mixed-use community, are also proximal to the development, further giving an edge for the Property over other office spaces in the city. To date, Robinsons Place Naga is the only mixed-use development in the city and no other developer has announced any plan to enter the area, providing prominence to the Property.

However, even though Cybergate Naga is above the rest of the office buildings in Naga City, the city is still considered to have a premature market which may shift business sentiments to other more established business hubs with the likes Metro Cebu and Davao City. Other than these, the overall preference of firms to locate in Metro Manila will also pose as a challenge for the Property to attract potential locators.

Cybergate Naga is one of the quality office spaces present in Naga City, housing around 6,070 sqm of PEZA-accredited leasable space owned and managed by a major developer with a proven real estate track record. Each floor in the development spans around 2,600 to 3,000 sqm wide, one of the biggest found in Naga City which makes it ideal for IT-BPM firms to set up operations in the Property. Also, the development is relatively newer compared to the other office spaces in the city as it was just completed last 2017, putting it into an advantage especially with locators seeing to transfer to quality grade developments as they put more focus on the health and safety of their employees.

The COVID-19 pandemic may still be the biggest threat for the Property and the entire real estate market in the country. Locators have continuously tweaked their office requirements as their own move to adapt to the changing business practices and protocols such as skeleton workforce, among others. Despite the challenges faced during the pandemic, Cybergate Naga still maintained a strong occupancy rate of 100% by end-2020, backed by the ongoing operations of its anchor tenants. This proves that the Property has remained resilient and will continue to provide a steady flow of income even with the overall market experiencing a slowdown.

7.0 LIMITING CONDITIONS

This market report ("Report") contains forward-looking statements that are provided as JLL's beliefs, expectations, forecasts or predictions for the future. All such statements relating to future matters are based on the information known to JLL at the date of preparing this document. We stress that such statements should be treated as an indicative estimation of possibilities rather than absolute certainties. The forecast process involves assumptions about a substantial number of variables, which are highly responsive to changing conditions. Variations of any one of the variables may significantly affect outcomes and JLL draws your attention to this. Therefore, JLL cannot assure that the forecasts outlined in this Report will be achieved or that such forward-looking statements outlined in this Report will prove to be correct. Interested parties must be cautioned not to place undue reliance on such statements.

Where as a result of new available information, future events or otherwise, JLL undertakes no obligation to publicly update or revise any forward-looking statements contained in this Report, except as required by law.

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JLL has prepared this Report to be used in in the preliminary and final prospectuses, offering circulars and related marketing materials of Robinsons Land Corporation. The opinions expressed in this Report are subject to changes and therefore does not constitute, nor constitute part of, an advice, offer or a contract.

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ANNEX C

INDEPENDENT PROPERTY VALUATION REPORTS

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Cybergate Delta 1 -
J. P. Laurel Avenue, Barangay Bajada (Paciano Bangoy)
Agdao District, Davao City, Philippiness

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	J. P. Laurel Avenue, Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, Island of Mindanao, Philippines.		
Description	The valuation comprises land (leasehold), building, other land improvements, and building machinery & equipment of a property identified as Cybergate Delta 1, a PEZA registered, Grade A office building situated just beside Delta 2 building (an on-going construction). The site is located along the southeast side of J. P. Laurel Avenue about 240 meters northeast from Dacudao-Buhangin Flyover and some 290 meters southwest from Jereza Subdivision.		
Land Area	3,304 sq.m.		
Gross Floor Area	15,184.98 sq.m.	**Gross Leasable Area**	11,909.77 sq.m.
Occupancy	100%	**WALE**	2.47 years
Ave. Lease Rate	PhP470/sq.m./month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE **(Income Approach)**	**PhP1,284,000,000** **ONE BILLION, TWO HUNDRED EIGHTY-FOUR MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Brig Rosanes
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building, other land improvements, and building machinery & equipment of a site identified as Cybergate Delta 1, located along the southeast side of **J. P. Laurel Avenue, within Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, Island of Mindanao, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Raymond F. Dechavez** and **Brig Rosanes**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
Investigations	1.18	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- transfer certificate of title
- floor plans
- floor area tabulation
- lot area allocation
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

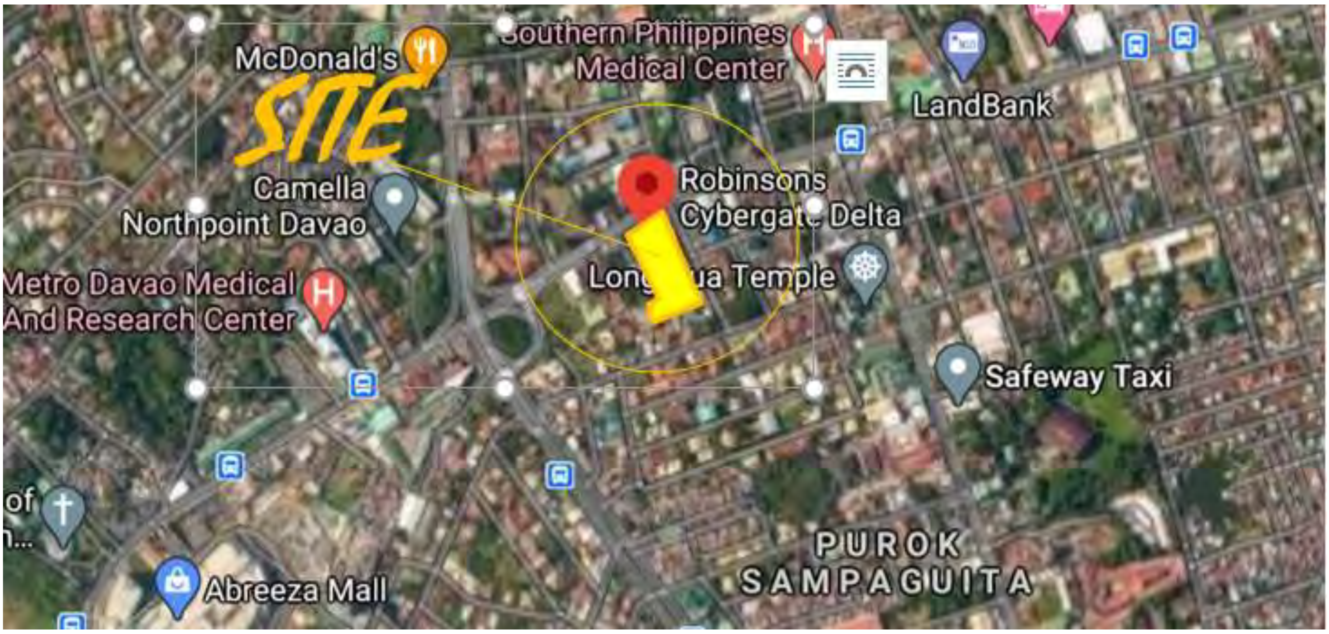
2 The Property

Location

Address 2.1 The Property, identified as Cybergate Delta 1, is located along the southeast side of J. P. Laurel Avenue, within Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, Island of Mindanao, Philippines.

The site is just across Citi-Hardware Bajada Branch, approximately 240 meters northeast from Dacudao-Buhangin Flyover, some 290 meters southwest from Jereza Subdivision, approximately 750 meters northeast from Abreeza Mall or about 1.3 kilometers southwest from SM Lanang Premier.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.



Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood

2.3 The area is generally for commercial purposes. Interior parcels, meanwhile, are characterized mostly by residential developments.

Some of the notable landmarks/developments in the immediate vicinity include: Abreeza Mall, Citti Hardware, Savemore-Bajada, Southern Philippines Medical Center, Social Security System, Rivera Village and Department of Health, amongst others.

Accessibility

2.4 The Property is easily accessible from other sections of Davao City thru the fronting J.P. Laurel Avenue, a main thoroughfare. Public transportation such as jeepneys and taxicabs are regularly available throughout the day along the said avenue.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificates of Title

2.5 Based on documents furnished us, the land where Cybergate Delta 1 is erected consists of six (6) adjoining lots having a total area of **12,022 sq.m.**, more or less, technically identified as under:

Lot No.	TCT No.	Area (Sq. m.)
Lot 1176-B-1-A-1-A, Psd-41546	T-146-2013005313	2,000
Lot 1176-B-1-A-2-A, Psd-41546	T-146-2013005314	6,460
Lot 4, (LRC) Pcs-23379	T-146-2013005315	1,000
Lot 1, (LRC) Pcs-23379	T-146-2013005316	1,511
Lot 5, (LRC) Pcs-23379	T-146-2013005317	486
Lot 6, (LRC) Pcs-23379	T-146-2013005318	565
	TOTAL	**12,022**

2.6 The above Transfer Certificates of Title were issued in favor of **ROBINSONS LAND CORPORATION** on March 25, 2013 by the Registry of Deeds for Davao City.

2.7 The land site is shared by another building identified as Cybergate Delta 2, which is not covered by this valuation. Based on information provided to us by the Client, land area allocated for Cybergate Delta 1 is about **3,304 sq. m.**

Draft Contract of Lease

2.8 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation) [1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Cybergate Delta 1 with an area of 3,304 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Cybergate Delta 1 which is owned by the Lessee (plus VAT, as appliable)

2.9 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure

2.10 For purposes of this engagement, ownership rights to the land is treated as **leasehold.**

Terrain

2.11 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment

2.12 The land is presently improved with an office building identified as Cybergate Delta 1, a PEZA registered, Grade A office building, construction of which was completed sometime in January 2018, and other land improvements. Also included in this appraisal are the appurtenant building machinery & equipment. These are all described in detail in the Schedule of Assets (Appendix **10**).

Tenure

2.13 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement

2.14 Based on the gross floor area tabulation provided to us by the Client, the building has a total gross floor area of approximately 15,184.98 sq.m.

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[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

2.15 The Gross Floor Area is tabulated as follows:

Cybergate Delta 1	GFA (sq.m.)
Lower Ground (Basement)	2,744.15
Ground Floor	2,440.83
2nd Floor	2,500.00
3rd Floor	2,500.00
4th Floor	2,500.00
5th Floor	2,500.00

Total	**15,184.98**

Condition

Scope of Inspection

2.16 As stated earlier, we have previously inspected the Property.

2.17 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.18 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.19 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.20 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.21 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.22 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.23 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions 2.24 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.25 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage treatment plant.

Tenancies

Tenancy Information

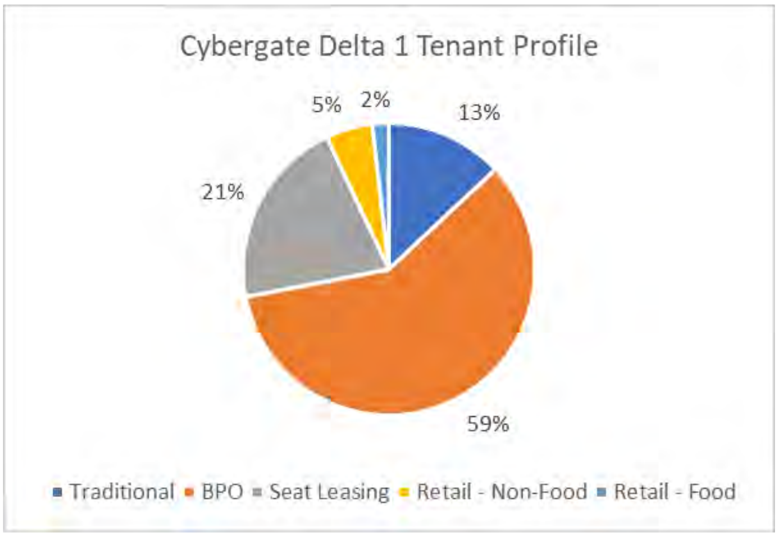
2.26 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.27 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract	
		Start	End
Tenant 1	221.66	02-Oct-17	01-Dec-22
Tenant 2	89.95	03-Jan-18	02-Mar-24
	306.73	03-Jan-18	02-Mar-24
Tenant 3	105.75	03-Sep-18	02-Nov-21
	114.12	24-Sep-18	02-Nov-21
Tenant 4	129.70	01-Jan-19	31-May-24
	2,500.00	01-Jan-19	31-May-24
	1,265.68	01-Jan-19	31-May-24
	2,500.00	01-Jan-19	31-May-24
Tenant 5	941.86	01-May-18	30-Jun-24
Tenant 6	610.02	01-Jun-18	31-Jul-23
Tenant 7	624.30	16-Nov-17	15-Feb-22
Tenant 8	2,500.00	01-Apr-21	31-May-23

2.28 Based on the rent roll provided, total leasable area is **11,909.77** sq.m. with **77** parking slots are available for lease.

2.29 The Property currently hosts to a mix of traditional offices, Business Process Outsourcing (BPO) companies, seat leasing and some retail tenants. Based on the figure on the next page, which summarizes the tenancy profile of the Property, BPOs currently take up 59% of the Property's leasable area followed by seat leasing at 21%.



Source: SKF, RLC

2.30 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 2.47 years. Earliest period with an expiring lease is 2021 with 2% of total leased area while in 2023 and 2024, 26% and 65% of the floor area respectively will be up for renewal or a new lease.

Source: SKF, RLC

2.31 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodeling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.32 J. P. Laurel Avenue, a main thoroughfare, is about 20 meters wide, concrete-paved with asphalt overlay, and provided with concrete curbs and gutters, and underground drainage system.

2.33 Our informal enquiries with the City Assessor's Office – Tax Mapping Division confirmed that the Property enjoys frontage along J. P. Laurel Avenue.

Access

2.34 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.35 From our enquiries with the City Planning Office, the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.36 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.37 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.38 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

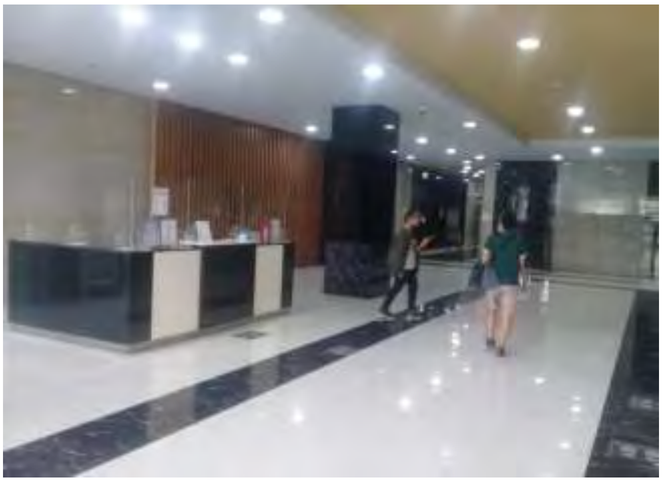
2.39 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

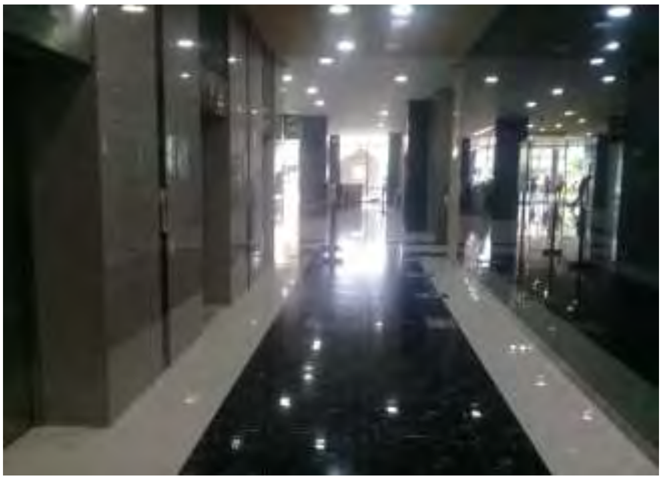
Photographs

(SKF File Photos)

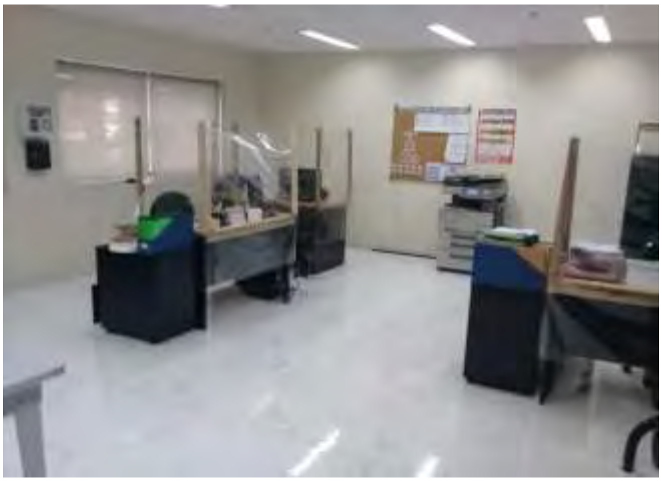
Views along J. P. Laurel Avenue

Views of the ground retail spaces





Hallways



Admin Office

Basement Parking

2.40 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below and on the next pages is SKF's **2020 Davao City Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

Davao City Office Market

From 2019, the office property market in Davao City grew in 2020 as the city continues to receive investments from companies expanding their foothold to Mindanao. The most notable among these new buildings is the Robinsons Cybergate Delta 2, located adjacent to Cybergate Delta in J.P. Laurel Avenue.

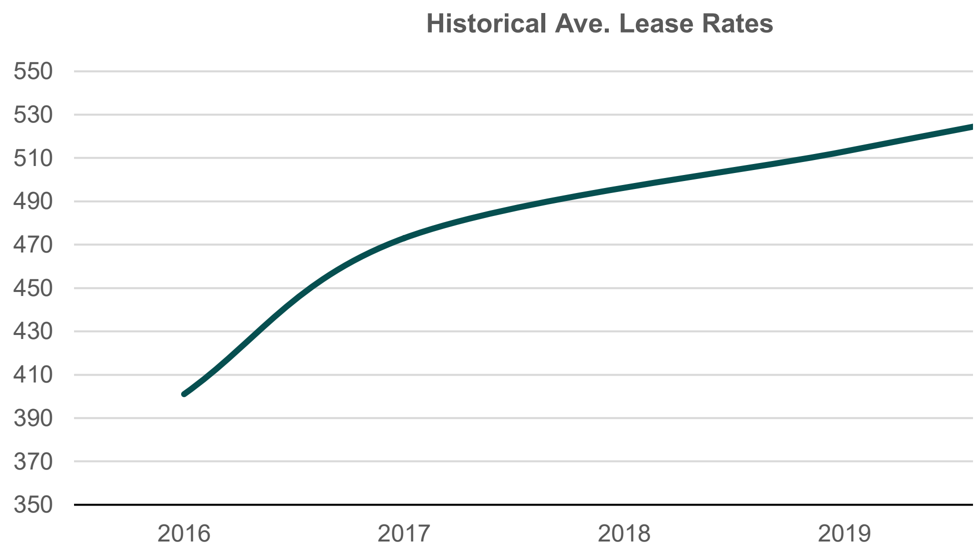
Most of the office buildings in Davao have low GLAs when compared to the office buildings in Metro Manila and Cebu. This is due to the city's smaller share of the total received investments. However, the city has been gaining popularity as evidenced by the recognition of its overall safety record and its competitiveness. In 2019, it was hailed as the 2nd safest city in Southeast Asia by Numbeo. In the same year, the city was also recognized as the most competitive by the country's National Competitiveness Council. These recognitions are expected to boost Davao City's prospects as among the best alternative cities for investment in the country.

The most notable among the office buildings in Davao City is the Davao Finance Center (DFC). Currently, it has the largest GLA and is the tallest office tower in the city. DFC is located near SM Lanang Premiere and is accessible via the J.P. Laurel

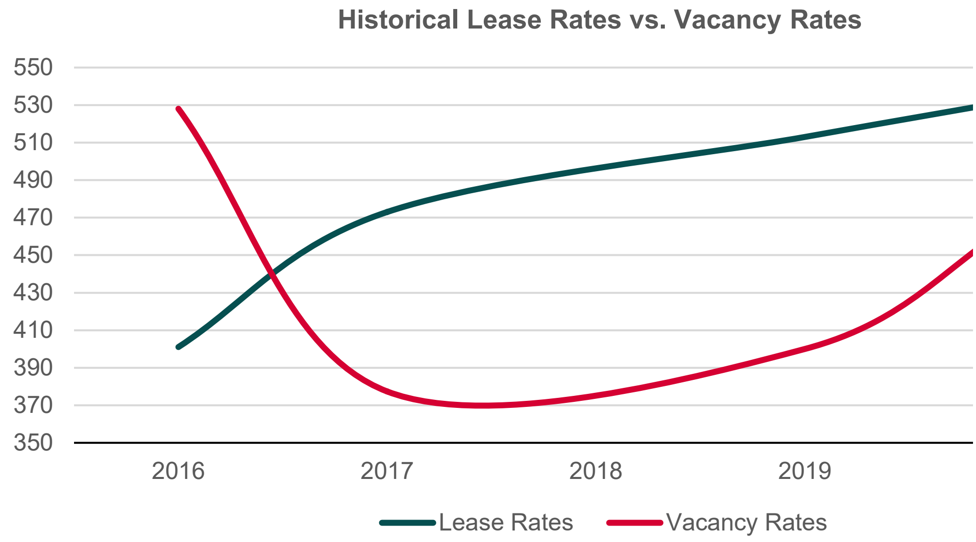
Avenue. Its location is part of Megaworld's Davao Park District which is envisioned to be a Smart Township.

Office lease rates in Davao City are typically lower than those of Metro Manila and Cebu. Currently, the office spaces at Matina IT Park command the highest headline lease rates at PhP700 per sqm due to its location with numerous accessibility routes and specialized building amenities for the BPO sector.

The weighted average lease rates within Davao City grew by 3.87% year-on-year (y-o-y) despite the current pandemic as landlords opted to give friendlier terms and discounts rather than outright lowering their prices. This trend is similar to what is happening in Metro Manila and Metro Cebu, in a bid to not undo the gains in the lease prices earned in the previous years.



Due to the ongoing pandemic and the subsequent community quarantine implementations, the overall vacancy rate in Davao City rose by around 5 percentage points. As companies implement a Work-From-Home (WFH) scheme and the decreasing revenues brought about by fewer transactions, strict movement of goods and personnel, and weaker overall consumer demand has made the rationalization of having extra office spaces difficult. As a result, more companies find themselves either having a pre-termination of their lease contracts or are simply refusing to renew them as they try to adapt to the new normal.



In the anticipation of continued growth in Davao City pre-COVID-19, several local developers in the area have begun constructing commercial buildings all over the city. Some of them were planned to have been turned over for the year but due to the restrictions brought about by the lockdowns, these structures have been delayed. As a result, upcoming office space for 2021 has increased to 29,000 sqm while some of the structures originally planned for the same year have been moved to 2022. The total upcoming office space in Davao City is now estimated to be more than 50,000 sqm and which are slated to be operational within the next two years.

Some notable upcoming developments in Davao include the Damosa Diamond Tower (DDT) and the office spaces at Aeon Towers. DDT will be located within the Damosa IT Park and, upon completion, will be among the biggest office towers in the city. It can be accessed via JP Laurel Avenue and is expected to complement the rising number of residential condominiums and commercial buildings in the area.

Aeon Towers, on the other hand, is a mixed-use development that includes a hotel, residential and commercial spaces all in one building. Located right beside the Abreeza Complex, all of Aeon Towers' segments are expected to gain from its proximity to the numerous developments within as the synergies between these properties could also induce more growth and investment within the area's proximity.

Demand for office space is expected to bounce back post-pandemic as the strict movement of goods and personnel are eased and consumer demand is reignited. However, the threat of WFH will persist as some companies may find it better for their operations and overall employee productivity. Nonetheless, the office property market is always capable of adapting to the needs and wants of its stakeholders in the same way it did when collaboration among workers was at the center of office setup design and thus promoted closer proximity among employees. Furthermore, with the numerous companies being financially affected by the pandemic, cost-saving strategies are seen to be implemented by various firms. Davao City can vie as one of the cheaper options for office space given their relatively lower rents as compared to Metro Manila and Cebu.

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease

agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;

- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A vacant commercial lot located along J. P. Laurel Avenue, within Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, in front of Heritage Baptist Church, having an area of 4,412 sq.m. is being offered for sale at an asking price of PhP125,000 per sq.m.
   Source: Mr. Ahmad Clay Escolar – (0988-557-7124)

2. A vacant commercial lot located along J. P. Laurel Avenue, within Barangay Bajada (Paciano Bangoy), Agdao District, Davao City, in front of Tebow Cure Hospital, having an area of 12,000 sq.m. is being offered for sale at an asking price of PhP85,000 per sq.m.
   Source: Ms. Janette Banay – (0977-658-5379)

3. A vacant commercial lot located along J. P. Laurel Avenue, within Barangay Bajada (Paciano Bangoy, Agdao), District, Davao City, in front of Abreeza Mall, having an area of 21,000 sq.m. is being offered for sale at an asking price of PhP85,000 per sq.m.
   Source: Ms. Ella Sheng – (0926-535-8250)

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP84,000 per sq.m.**, or a total of **PhP278,000,000** for a land area of **3,304 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	278,000,000	
Interest on Land Value			
PhP278,000,000 @ 4%	PhP	11,120,000	

Total	**PhP**	**11,120,000**	**per year**
		=========	
Or	**PhP**	**926,670**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP280.47 per sq. m. per month**, or a total of **PhP926,670 per month**, or say, **PhP11,120,000 per annum** for the subject land area of **3,304 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate 4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and

additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.7% (Discount Rate less Projected Long-term Growth Rate (2.5%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast

period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERGATE DELTA 1			
Lease Details			
Lot Area	:	3,304.00	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	280.47	/sq.m./ month
Annual Rent	:	11,120,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.70%	

Leasehold Value 4.21 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP144,000,000**.

We attach a copy of our valuation calculations at Appendix **6**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New (“RCN”) of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost (“DRC”). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General

Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
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5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

			Classification		
nb	Country Code ISO Alpha 3	Country Name (1)	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate	4.30	Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.
Capitalization Rate	4.31	A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 5%.

Key Financial Assumptions	4.32	We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analyzed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units, parking slots and other areas. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll and lease contracts provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day to day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. Occupancy rates include committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 3%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 25% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses. These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **6**.

Direct Capitalization Method 4.33 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.34 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 5%.

Valuation basis

Market Value 4.35 Market Value is defined in the 2019 **International Valuation Standards** as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.36 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.37 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.38 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.39 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the

Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.40 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.41 We were not provided with a Lot Plan where Cybergate Delta 1 is erected. For purposes of this valuation, the land is assumed to be rectangular in shape.

4.42 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.43 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.44 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.45 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	**PhP144,000,000**
Building	**405,400,000**
Other Land Improvements	**7,761,000**
Building Machinery & Equipment	**93,049,000**

T O T A L	**PhP650,210,000**

R O U N D E D T O	**PhP650,000,000**
	=============

4.46 The Market Value of the Property is estimated at **PhP650,000,000 (SIX HUNDRED FIFTY MILLION PHILIPPINE PESOS).**

Using Income Approach	4.47	Using the **<u>Income Approach</u>** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP1,284,000,000**
Direct Capitalization Method	**PhP1,409,000,000**

Calculation	4.48	We attach a copy of our valuation calculations for the Income Approach at Appendix **6 & 7**.
Comments	4.49	The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.
	4.50	For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.
Conclusion of Value	4.51	In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP1,284,000,000 (ONE BILLION, TWO HUNDRED EIGHTY-FOUR MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ………………………………..PhP1,284,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analyzed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**
21 September 2020

Our Ref: L20-0877-224-OR
Page 10 of 15

Newmark Knight Frank Global

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Santos | Knight Frank

Santos | Knight Frank

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Santos Knight Frank

Santos Knight Frank

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely, **SANTOS KNIGHT FRANK, INC.**	Approved and agreed to by: **ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC® Senior Director & Head Valuation and Advisory Mabel.Luna@santos.knightfrank.ph M (63-917) 865 3712	**FREDERICK D. GO** President & Chief Executive Officer Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION** [illegible]
[illegible]

Newmark Knight Frank Global

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

<u>Important Notice</u>

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

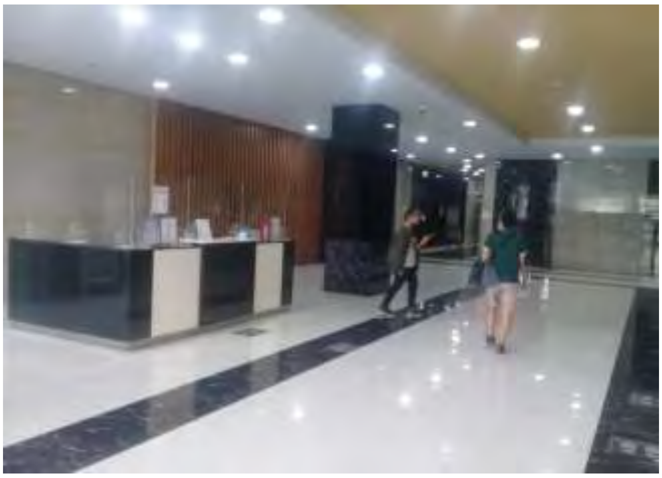
Appendix 4 - Photographs

(SKF File Photos)

Views along J. P. Laurel Avenue

Space between Delta 1 and Delta 2

Space between Delta 1 and 2 with inclined ramp

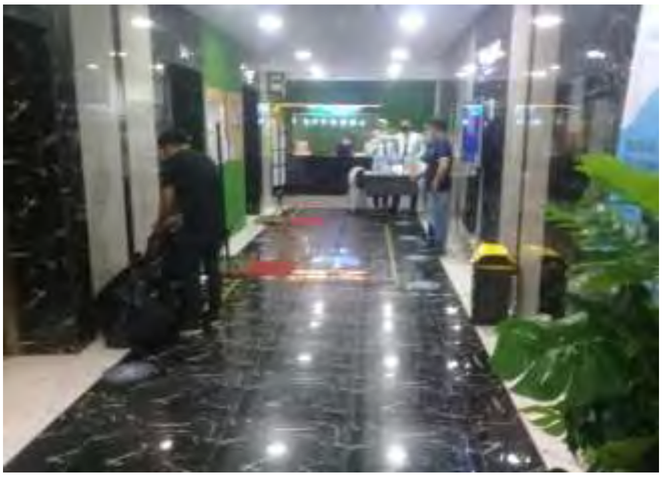


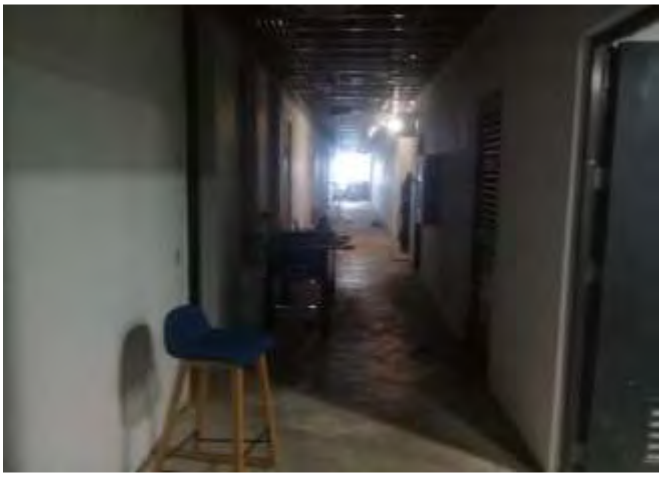
Elevator Lobby

Basement Parking Area


Second floor occupied by VXI Global Holdings


Third floor occupied by Insurance Office


Fourth floor occupied by Skynora


5th floor by VXI Global Holdings (under re-designing)

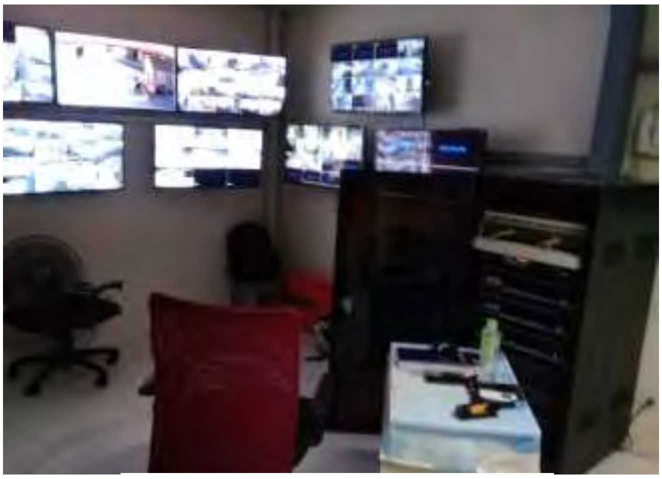

VRF Air Conditioning System at roofdeck


Electric Generators

Fire Pumps

Water Supply System

Aeration Blowers



CCTV Room

Sewage Treatment Plant

Appendix 5 - Leasehold Value of the Land

	Period Covered		Annual Contract Rent: Projected Annual Net Leasing Revenue	Annual Contract Rent: Annual Contract Rent (7% of Net Leasing Revenues)	Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
1	October 01, 2021	December 31, 2021	17,423,165	1,219,622	2,802,849	1,583,228	0.966	1,528,699
2	January 01, 2022	December 31, 2022	71,011,515	4,970,806	11,453,600	6,482,794	0.901	5,839,101
3	January 01, 2023	December 31, 2023	73,811,670	5,166,817	11,797,208	6,630,391	0.840	5,570,935
4	January 01, 2024	December 31, 2024	75,525,894	5,286,813	12,151,124	6,864,312	0.784	5,380,110
5	January 01, 2025	December 31, 2025	78,368,934	5,485,825	12,515,658	7,029,833	0.731	5,139,778
6	January 01, 2026	December 31, 2026	81,985,936	5,739,016	12,891,128	7,152,112	0.682	4,877,968
7	January 01, 2027	December 31, 2027	85,222,827	5,965,598	13,277,862	7,312,264	0.636	4,652,235
8	January 01, 2028	December 31, 2028	87,357,133	6,114,999	13,676,197	7,561,198	0.593	4,487,512
9	January 01, 2029	December 31, 2029	90,644,977	6,345,148	14,086,483	7,741,335	0.554	4,285,841
10	January 01, 2030	December 31, 2030	94,829,523	6,638,067	14,509,078	7,871,011	0.516	4,064,957
11	January 01, 2031	September 30, 2031	73,729,799	5,161,086	11,177,555	6,016,469	0.490	2,949,736
12	January 01, 2032	December 31, 2032	101,045,936	7,073,216	15,392,681	8,319,465	1.00	8,319,465
				Total Present Value of the Rental Gains				57,096,336
				Terminal Value of Leasehold Rights on the Land at Year 11				177,009,896
						Discounted at	0.490	86,783,858
				Total Value of Leasehold				143,880,194
								==========
						ROUNDED TO, say,		144,000,000
								==========

Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE DELTA DAVAO
PROPERTY ADDRESS:	:	JP Laurel Ave., Brgy. Bajada, Davao City
TOTAL LEASABLE AREA:	:	11,909.77 sq.m.
Total No. of Parking Slots	:	77

	0.50	1.50	2.50	3.50	4.50	5.50
	2021	2022	2023	2024	2025	2026
INCOME REVENUES						
Office Units	33,892,889	68,980,246	71,740,384	73,400,418	76,145,162	79,681,502
Parking Slots	1,324,908	2,702,963	2,799,729	2,889,292	3,013,314	3,143,064
Other Areas	610,209	1,246,911	1,261,453	1,283,203	1,341,315	1,386,427
Gross Leasing Revenues	35,828,006	72,930,120	75,801,567	77,572,912	80,499,790	84,210,994
Less: Vacancy Allowance	*981,675*	*1,918,605*	*1,989,896*	*2,047,017*	*2,130,856*	*2,225,058*
Net Leasing Revenues	34,846,331	71,011,515	73,811,670	75,525,894	78,368,934	81,985,936
Other Income						
Management Dues	6,633,271	13,158,390	13,158,390	13,158,390	13,158,390	13,816,310
Aircon Dues	5,135,435	10,187,141	10,187,141	10,187,141	10,187,141	10,696,498
NET REVENUES	46,615,037	94,357,046	97,157,201	98,871,426	101,714,465	106,498,744
OPERATING COSTS & EXPENSES						
Contracted Services	1,848,215	3,766,381	3,914,899	4,005,820	4,156,612	4,348,454
Repairs & Maintenance	921,157	1,877,178	1,951,199	1,996,515	2,071,670	2,167,285
Management Fee	1,458,395	2,971,986	3,089,179	3,160,923	3,279,910	3,431,290
Loss from CUSA						
Power Charges - net	1,280,217	2,608,887	2,711,762	2,774,741	2,879,191	3,012,076
Water Charges - net	203,586	414,878	431,237	441,253	457,863	478,995
Aircon Dues (Expense)	-	-	-	-	-	-
Others	264,503	539,016	560,271	573,283	594,863	622,318
Miscellaneous Expense	102,115	208,095	216,301	221,324	229,656	240,255

	6.50	7.50	8.50	9.50	10.00	11.00
	2027	2028	2029	2030	2031	2032
INCOME REVENUES						
Office Units	82,893,908	84,970,158	88,147,543	92,241,299	47,585,674	98,363,580
Parking Slots	3,241,036	3,344,716	3,488,287	3,638,490	1,860,534	3,871,927
Other Areas	1,389,180	1,411,194	1,475,103	1,524,715	757,593	1,551,952
Gross Leasing Revenues	87,524,124	89,726,069	93,110,933	97,404,504	50,203,800	103,787,459
Less: Vacancy Allowance	*2,301,297*	*2,368,936*	*2,465,956*	*2,574,981*	*1,320,673*	*2,741,523*
Net Leasing Revenues	85,222,827	87,357,133	90,644,977	94,829,523	48,883,127	101,045,936
Other Income						
Management Dues	13,816,310	13,816,310	13,816,310	13,676,751	6,851,376	14,507,125
Aircon Dues	10,696,498	10,696,498	10,696,498	10,588,452	5,304,291	11,231,323
NET REVENUES	109,735,635	111,869,941	115,157,785	119,094,727	61,038,793	126,784,384
OPERATING COSTS & EXPENSES						
Contracted Services	4,520,136	4,633,337	4,807,721	3,436,293	2,592,713	5,359,378
Repairs & Maintenance	2,252,851	2,309,271	2,396,185	1,712,661	1,292,217	2,671,133
Management Fee	3,566,760	3,656,086	3,793,689	2,641,007	2,045,865	4,228,992
Loss from CUSA						
Power Charges - net	3,130,996	3,209,408	3,330,200	2,383,877	1,795,914	3,712,320
Water Charges - net	497,906	510,375	529,584	387,561	285,595	590,351
Aircon Dues (Expense)	-	-	-	-	-	-
Others	646,888	663,088	688,045	498,706	371,050	766,994
Miscellaneous Expense	249,740	255,995	265,630	251,508	143,249	296,109

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE DELTA DAVAO
PROPERTY ADDRESS:	:	JP Laurel Ave., Brgy. Bajada, Davao City
TOTAL LEASABLE AREA:	:	11,909.77 sq.m.
Total No. of Parking Slots	:	77

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		772,558	1,563,793	1,610,201	1,638,611	1,685,729	1,765,020	1,818,665	1,854,037	1,908,527	1,802,946	1,011,605	2,101,216
Taxes & Licenses		2,016,216	3,999,559	4,119,545	4,119,545	4,119,545	4,119,545	4,243,132	4,243,132	4,243,132	4,243,132	2,167,252	4,370,426
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		7,821	61,246	234,171	595,806	17,572	70,748	270,578	689,720	20,341	81,900	155,327	798,437
Insurance Expense		227,009	459,506	473,143	481,491	495,336	518,635	534,398	544,792	560,803	532,248	297,251	617,423
Communication		10,219	20,686	21,300	21,675	22,299	23,347	24,057	24,525	25,246	23,960	13,381	27,795
Rent Expense		1,219,622	4,970,806	5,166,817	5,286,813	5,485,825	5,739,016	5,965,598	6,114,999	6,345,148	6,638,067	3,421,819	7,073,216
Supplies Expense		160,832	325,553	335,214	341,129	350,938	367,445	378,613	385,977	397,320	377,089	210,598	437,435
Travel & Transportation		2,219	4,491	4,624	4,706	4,841	5,069	5,223	5,325	5,481	5,202	2,905	6,034
Representation & Entertainment		58,847	119,116	122,651	124,815	128,404	134,443	138,530	141,224	145,375	139,754	77,055	160,052
TOTAL COSTS & EXPENSES		10,553,531	23,911,178	24,962,514	25,788,448	25,980,253	27,043,940	28,244,071	29,241,291	29,462,428	25,155,910	15,883,796	33,217,310
NET OPERATING INCOME		36,061,506	70,445,868	72,194,687	73,082,978	75,734,212	79,454,804	81,491,564	82,628,650	85,695,357	93,938,817	45,154,997	93,567,074
CAPEX	1.5%	522,695	1,065,173	1,107,175	1,132,888	1,175,534	1,229,789	1,278,342	1,310,357	1,359,675	1,422,443	733,247	1,515,689
NOI after CAPEX		35,538,811	69,380,695	71,087,512	71,950,089	74,558,678	78,225,015	80,213,222	81,318,293	84,335,682	92,516,374	44,421,750	92,051,385
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		34,027,954	60,945,984	57,289,267	53,196,712	50,573,749	48,679,500	45,795,195	42,592,753	40,525,868	40,786,183	18,764,227	35,672,936

Total Present Worth of Cashflows		493,177,392
Terminal Value of Property at 11Y	5.0%	1,871,341,487
Discounted at	0.42	790,474,867

TOTAL PROPERTY VALUE	1,283,652,259
Rounded to, say	1,284,000,000

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE DELTA DAVAO
PROPERTY ADDRESS:	:	JP Laurel Ave., Brgy. Bajada, Davao City
TOTAL LEASABLE AREA:	:	11,909.77 sq.m.
Total No. of Parking Slots	:	77

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	68,980,246
Parking Slots	2,702,963
Other Areas	1,246,911
Gross Leasing Revenues	72,930,120
Less: Vacancy Allowance	1,918,605
Net Leasing Revenues	71,011,515
Other Income	
Management Dues	13,158,390
Aircon Dues	10,187,141
NET REVENUES	94,357,046
OPERATING COSTS & EXPENSES	
Contracted Services	3,766,381
Repairs & Maintenance	1,877,178
Management Fee	2,971,986
Loss from CUSA	-
Power Charges - net	2,608,887
Water Charges - net	414,878
Aircon Dues (Expense)	-
Others	539,016
Miscellaneous Expense	208,095
General and Administrative Expense	-
Salaries & Wages	1,563,793
Taxes & Licenses	3,999,559
Advertising & Promotions Expense	-
Commission Expense	61,246
Insurance Expense	459,506
Communication	20,686
Rent Expense	4,970,806
Supplies Expense	325,553
Travel & Transportation	4,491
Representation & Entertainment	119,116
TOTAL COSTS & EXPENSES	23,911,178
NET OPERATING INCOME	70,445,868
Capitlization Rate	5.0%
TOTAL PROPERTY VALUE	1,408,917,357
Rounded to, say	1,409,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	J. P. Laurel Avenue, Barangay Bajada, Davao City	J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Heritage Baptist Church)		J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Tebow Cure Hospital)		J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Abreeza Mall)	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		551,500,000.00		1,020,000,000.00		1,785,000,000.00	
Size (sq. m.) - Total Net Area	3,304.00	4,412.00		12,000.00		21,000.00	
Price Per sq.m. (Unadjusted)		PHP 125,000.00		PHP 85,000.00		PHP 85,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price		125,000.00		85,000.00		85,000.00	
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-30%	Allowance	-10%	Allowance	-10%
Adjusted Price		87,500.00		76,500.00		76,500.00	
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price		87,500.00		76,500.00		76,500.00	
PHYSICAL ADJUSTMENTS							
Location	J. P. Laurel Avenue, Barangay Bajada, Davao City	J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Heritage Baptist Church)		J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Tebow Cure Hospital)		J. P. Laurel Avenue, Barangay Bajada, Davao City (in front of Abreeza Mall)	
Comparison/Adjustment		equal	0%	equal	0%	superior	-5%
Topography	flat	flat		flat		flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size of Lot/s	3,304.00	4,412.00		12,000.00		21,000.00	
Comparison/Adjustment		equal	0%	inferior	5%	inferior	10%
Shape	assumed regular	rectangular		almost rectangular		almost rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	main road/concete	main road/concete		main road/concete		main road/concete	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Zoning/Land Use	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			0%		5%		15%
Total Net Adjustments			0%		5%		5%
Final Adjusted Price (Net Adjustment Basis)		87,500.00		80,325.00		80,325.00	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		43,750.00		26,507.25		13,655.25	
Value per sqm		PHP 83,912.50					
ROUNDED TO		PHP 84,000.00 per sq.m.					
Total Area		3,304.00 sq.m.					
INDICATED VALUE		PHP 278,000,000					

Appendix 9 - Schedule of Assets

BUILDING	
Description	Market Value (PhP)
CYBERGATE DELTA 1 -	
As seen during our inspection for the previous valuation done, this is a five (5)-storey, reinforced concrete-framed building with roof deck and one (1) basement parking. The ground floor is being utilized as lobby and for retail purposes occupied by PNB, Riway Inc., Surf & Turf, VXI Global Holdings BV and Sumifru Philippines Corporation. The upper floors are mainly used as offices with the second floor being entirely occupied by VXI Global Holdings BV. Third floor, meanwhile, is occupied by Demand Science, VXI Global Holdings BV and Pioneer. Fourth floor is occupied by Skynora and VXI Global Holdings BV occupies the fifth. Basemen parking also houses the administration office.	
Construction features include plastered cement finish precast concrete exterior walls; concrete slab roofdeck with waterproofing membrane; mainly ceramic tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on parking areas; gypsum board ceiling on aluminum t-runners in common areas; frameless glass main entrance doors and mainly glass panels on aluminum frame windows. Based from the information provided to us, interior finishes within the leased units (offices and retail areas) are reportedly introduced by the tenants and were, therefore, excluded in this report.	
The building is reportedly completed sometime in January 2018. It is painted and provided with electrical lighting and plumbing facilities, two (2) concrete water cistern tanks, each with a capacity of 25,000 gallons, and one (1) cistern tank for fire with a capacity of 45,000 gallons. Based on the floor area tabulation provided to us, the building has a total gross floor area of about 15,184.98 square meter. The building is also provided with building machinery and equipment described and valued in the equipment section of this report.	**405,400,000** ==========

OTHER LAND IMPROVEMENTS

Description	Market Value (PhP)
Concrete pavements / Driveways / Parking Areas / Drop-Off Areas / Sidewalks These are well compacted earth filled pavements with reinforced concrete cement finish and compacted gravel. Estimated surface area is about 3,375 sq. m	6,264,000
Perimeter Fence - These are concrete hollow blocks with plastered cement finish and partly with wire mesh.	760,000
Compound Lighting - This consists of 5 single-arm mercury arc lamps, approximately 20 feet high.	147,000
Signage - This is an acrylic double-faced signage on aluminum frame with LED lights mounted on concrete foundation.	590,000

Total for Other Land and Improvements	**7,761,000**

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
<u>Elevators</u>	
2-Passenger Elevators- Mitsubishi, 1,350 kgs., 18 persons capacity, 6 landings, gearless type. complete with control panel, wires, cables and other standard accessories	8,593,000
Service Elevator- Mitsubishi, 1,350 kgs., 18 persons capacity, 6 landings, gearless type. complete with control panel, wires, cables and other standard accessories	3,966,000
Total for Elevators -	**12,559,000**
<u>Air Conditioning and Ventilating System</u>	
Lot-Air Conditioning System- Daikin VRF IV, Variable Refrigerant Flow (VRF) System, modular type, system comprising of: 4-ACCU Outdoor Units - Model RXQ10TAYM, 6.88 kw cooling capacity series 34-ACCU Outdoor Units - Model RXQ12TAYM, 8.882 kw cooling capacity series 17-ACCU Outdoor Units - Model RXQ16TAYM, 13 kw cooling capacity series 2-ACCU Outdoor Units - Model RZR100MVM, 10 kw cooling capacity series 2-ACCU Outdoor Units - Model RZQ18TAYM, 15.4 kw cooling capacity series 5-ACCU Outdoor Units - Model RZR125MVM, 12.5 kw cooling capacity series ACCU Outdoor Unit - Model RKC50QVM, 5.2 kw cooling capacity series ACCU Outdoor Unit - Model RZF71CVM, 7.1 kw cooling capacity series 2-ACCU Outdoor Units - Model RKC25QVM, 2.5 kw cooling capacity series ACCU Outdoor Unit - Model RZR14QMVM, 6 kw cooling capacity series 2-ACCU Outdoor Units - Model RZR14QMVM, 6 kw cooling capacity series 126-ACCU Indoor Units (FCU) - Ceiling mounted, Model FXFQ125SVM 2-ACCU Indoor Units (FCU) - Ceiling mounted, Model FCQ140KAVEA 12-ACCU Indoor Units (FCU) -	

Ceiling mounted, Model FXMQ125PVE
5-ACCU Indoor Units (FCU) -
Ceiling mounted, Model VAM500GJVE
5-ACCU Indoor Units (FCU) -
Ceiling mounted, Model FCQ60KAVEA
6-ACCU Indoor Units (FCU) -
Ceiling mounted, Model FVQ125CVEB
4-ACCU Indoor Units (FCU) -
Ceiling mounted, Model FXQ60KAVEA
ACCU Indoor Unit (FCU) -
Ceiling mounted, Model FLQ60KAVEA
Air Conditioning Unit-
Daikin, Model RZR60 MVM, split packaged ceiling cassette type, approximately 5 tons of refrigeration capacity, complete with outdoor condensing unit, indoor air handling unit, and other standard accessories
Note: Located at Admin Office
Air Conditioning Unit-
Daikin, Model RZR60, split packaged ceiling cassette type, approximately 5 tons of refrigeration capacity, complete with outdoor condensing unit, indoor air handling unit, and other standard accessories
Note: Located at Security/CCTV Room
Air Conditioning Unit-
Daikin, split packaged floor mounted, Model RZR140MVM, approximately 7.5 tons of refrigeration capacity, complete with outdoor condensing unit, indoor air handling unit, and other standard accessories
Note: Located at Upper Ground Floor Lobby
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories
Note: Installed in various locations 13,684,000

Lot-Air Ventilation and Exhaust System-
Consisting of:
5-Jet Fans-
Jet Vent, jet type, driven by 450 watts motor
3-Smoke Exhaust Fans(SEF)-
Krugger, SISW, 2034 CMH/1200 CFM, driven by 0.37 kw electric motor
Male Toilet Exhaust Fan(TEF)-
Krugger, SISW, 2633 /1500, driven by 0.55 kw electric motor
Male Toilet Exhaust Fan(TEF)-
Krugger, SISW, 2718 /1600, driven by 0.55 kw electric motor
Kitchen Exhaust Fan(KEF)-
Krugger, SISW, 27184 /16,000 driven by 5.5 kw electric motor
2-Kitchen Exhaust Fans(KEF)-
Krugger, SISW, 16,940/10,000 driven by 3.7 kw electric motor
4-HRV Exhaust Fans (HEF#1) -
Krugger, SISW, 3394 /2000 driven by 0.55 kw electric motor
Exhaust Fan (LGF Parking Area)-
Krugger, Tube Axiel 60,315/35,550 driven by 18.5 kw electric motor
Exhaust Fan (LGF Sistern Pump Room)-
Krugger, wall mounted, 1356/798 driven by 0.17 kw electric motor
2-Exhaust Fans (LGF Storage Lacker Room)-
Krugger, wall mounted 610CMH/359CFM, driven by 0.15 kw electric motor
3-Exhaust Fans (LGF-Fuel Pump Room)

Krugger, wall mounted 610CMH/359CFM, driven by 0.08 kw electric motor
3-Exhaust Fans LGF-STP Pump Room
Krugger, wall mounted, 284/167, driven by 0.08 kw electric motor
4-Exhaust Fans LGF-Fuel Pump Room
Krugger, ceiling mounted, 85/50, driven by 0.01 kw electric motor
Exhaust Fan (UGF-LVSG Room)
Krugger, wall mounted, 23558/14042, driven by 1.3 kw electric motor
Exhaust Fan (UGF-HVSG)
Krugger, wall mounted, 1356/798, driven by 0.17 kw electric motor
Exhaust Fan (UGF-Storage Room)
Krugger, wall mounted, 464/273, driven by 0.08 kw electric motor
Exhaust Fan (UGF-Female Toilet)
Krugger In-Line Centrifugel, 255/150, driven by 0.09 kw electric motor
6-Exhaust Fans-UGF Toilet
Krugger ceiling cassette, 85/50, driven by 0.09 kw electric motor
16-Exhaust Fans-UGF Toilet
Krugger ceiling cassette, 85/50, driven by 0.01 kw electric motor
Pressurericed Fan
Krugger SISW, 6116/3600, driven by 1.1 kw electric motor
Pressurericed Fan
Krugger SISW, 6116/3600, driven by 1.1 kw electric motor
Pressurericed Fan
Krugger SISW, 6116/3600, driven by 1.1 kw electric motor
HRV Fresh Air 1
Krugger SISW, 3594/2000, driven by 0.55 kw electric motor
HRV Fresh Air 2
Krugger SISW, 3594/2000, driven by 0.55 kw electric motor
HRV Fresh Air 3
Krugger SISW, 3594/2000, driven by 0.55 kw electric motor
HRV Fresh Air 4
Krugger SISW, 3594/2000, driven by 0.55 kw electric motor
System complete with ductings installations, electrical and controls system and other standard accessories — 2,024,000

Total for Air Conditioning and Ventilating System - **15,708,000**

Lot-Standby Power Supply and Electrical Power Distribution System-
System consisting of:
3-AC Electric Generating Sets-
Baita, Model BF-C825-60, March 2017 Mfg Date, Ser. Nos. 1612057, 1612058 and 1612059, 1000 kva (800 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
12 Cylinder Diesel Engine-
Cummis, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing with 6 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories
2-Fuel Day Tanks-
Mild steel plate of welded construction, 2,000 liters capacity
Mother Fuel Storage Tank-

Mild steel plate of welded construction, 16,000 liters capacity *Note: Located at Basement* Fuel Pump- Tuthill, rotary gear type, driven by 1.5 kw electric motor *Note: Located at Basement* Power Transformer- Cooper, 1.5 mva rated capacity, 13.2 kv and 380 volts primary and secondary voltages, dry type, pad mounted, 3 phase Incoming Power- Cooper, metal clad casement, with swing-out door panel, 13.2 kv Low Voltage Switchgear- Scheider, 3000 AT, metal clad casement, free standing with 5 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories Bus Duct- Delta, 3200AT, 1600AT,complete with standard accessories Capacitor Bank- Metal clad casement, free standing with 2 swing-out door panels, 400 kvar capacity System complete with fuel pumps, automatic transfer switch, electrical wiring installations, piping connections, contactors, relays and other standard accessories	**43,860,000**
Lot-Water Supply and Sewerage System- Consisting of: 3-CPS Booster Pumps- Grundfos, cenntrifugal vertical in-line type, 80 GPM capacity, driven by 7.45 kw electric motor, equipped with; *Pressure Tank-* Super Flow, GWS, mild steel construction, approx. 380 mm dia x 760 mm high *Note: Unit located at Basement near Fire Pump* 3-Lift Station Pumps- Submersible type, driven by 5.5 kw electric motor *Note: Located at Basement* 3-Detension Pumps- Submersible type, driven by 11 kw electric motor *Note: Located at Basement* System complete with piping connections, valves and fittings, controls and other standard accessories	**2,879,000**
Lot-Automatic Fire Fighting, Fire Protection and Alarm System Consisting of: Fire Pump- Peerles Pump, vertical turbine type, 750 gpm capacity, driven by 75 kw electric motor Fire Pump- Peerles Pump, vertical turbine type, 750 gpm capacity, driven by 4 Cylinder Clarke / John Deere Diesel Engine Jockey Pump- Submersible type, 40 GPM, driven by 5.6 kw electric motor 2-Fire Pump Controllers- Tornatech Jockey Pump Controller- Tornatech 2,173 Sprinkler Heads-	

Pendant and upright type 13-Fire Hose Cabinets- Aluminum frame with glass panel door, wall mounted, complete with fire hose and nozzle 42-Fire Extinguishers- ABC, dry chemical, 10 lbs capacity 28-Fire Extinguishers- Standard, ceiling mounted, 10 lbs capacity Fire Extinguisher- Halogenic, wall surface mounted, 20 lbs capacity System complete with 49-public address amplifiers, 12-addressablefire alarm speakers with strobe lights, 12-addressable fire alarm speakers,330-smoke detectors,14-intercoms, FDAS, fire alarm bells, 4-loop fire alarm panel, piping connections, valves, fittings, and other standard accessories *Note: Installed in various locations.*	**12,563,000**
Lot-Sewage Treatment Plant - Approximately at an average of 160 cubic meters per day effluent working capacity, complete with 2 - 11 kw Roota aeration blowers, 2-15 kw feed pumps, 2-1.5 kw effluent pumps, 2-0.75 kw decanter pumps, carbon filters, air diffusers, valves, fittings, piping installations, collecting chamber tanks, controls and other standard accessories	**4,309,000**
Lot-CCTV Security Monitoring System- Consisting of: 34-CCTV Cameras- Fix dome type 3-LCD Monitors- Samsung, 32" screen size 3-NVR- Ultra HD System complete with power supply, controller, electrical and wiring installations, controls and other standard accessories	**1,171,000**

Total for Building Machinery & Equipment -	**93,049,000**
	==========

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

BRIG NOLI M. ROSANES

APPRAISER

T: +632 7752 2580

F: +632 7752 2571

Brig.Rosanes@santos.knightfrank.ph

Brig Noli M. Rosanes is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Rosanes was involved with Asian Appraisal Company Inc. He started there as Assistant Appraiser then got promoted after six (6) months as full time Staff Appraiser in September 2018. During his three (3) years experience in his field, he has gained immense experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate, industrial estate and light transportation and equipment. He is now currently expanding his expertise and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Civil Engineering, Technological Institute of the Philippines - Manila

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Cyberscape Beta -
Topaz and Ruby Roads
Ortigas Center, Pasig City
Metro Manila, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Topaz and Ruby Roads, Ortigas Center, Pasig City, Metro Manila
Description	The Property comprises land (leasehold), building, other land improvements, and building machinery & equipment of a site identified as Cyberscape Beta, a PEZA registered, Grade A office building located on the west side of Ruby Road extending westward to Topaz Road, right across Jollibee Tower, some 250 meters southeast from Robinsons Galleria Mall.
Land Area	1,955 sq.m.
Gross Floor Area	60,190.02 sq.m; **Gross Leasable Area**: 42,244.76 sq.m.
Occupancy	98%; **WALE**: 3.20 years
Ave. Lease Rate	PhP768/ sq.m/ month
CLIENT	**ROBINSONS LAND CORPORATION**
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (98 years)
MARKET VALUE **(Income Approach)**	**PhP7,794,000,000** **SEVEN BILLION, SEVEN HUNDRED NINETY-FOUR MILLION PHILIPPINE PESOS**
Valuation date	**30 June 2021**
Date of Issue	**16 July 2021**

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The person below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building, other land improvements, and building machinery & equipment of a site identified as Cyberscape Beta located along **Ruby and Topaz Roads, within Ortigas Center, Pasig City, Metro Manila, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Raymond F. Dechavez**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
Investigations	1.18	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction, we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- gross floor area tabulation
- site development plan
- lot area allocation
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property, identified as Cyberscape Beta, is an office building located along the west side of Ruby Road extending westward to Topaz Road, midway between Garnet and Opal Roads, within Ortigas Center, Barangay San Antonio, Pasig City, Metro Manila.

The site is situated about 250 meters southeast from Robinsons Galleria, some 280 meters southeast from St. Pedro Poveda College, roughly 540 meters west from Metrowalk Complex, about 550 meters southeast from the corner of Epifanio Delos Santos Avenue (EDSA) and Ortigas Avenue, or approximately 780 meters northeast from SM Megamall.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood 2.3 Ortigas Center is Metro Manila's third most important business district after the Makati and BGC. Like other CBDs in the metropolis, it is also home to many skyscrapers and shopping malls. Located along EDSA are three shopping malls, namely: Robinson's Galleria, SM Megamall and the elite Shangri-la Plaza. Right behind SM Megamall are St. Francis Square, The Podium, San Miguel Corporation Headquarters and the ADB Complex. The district is also the home to University of Asia and the Pacific, and Saint Pedro Poveda College.

Accessibility 2.4 The Property has direct frontage along two roads making it easily accessible. The district where the Property is situated, meanwhile, is surrounded by four (4) major thoroughfares: on the west by EDSA, on the north by Ortigas Avenue, on the east by Meralco Avenue, and on the south by Shaw Boulevard. These thoroughfares provide easy access to/from various sections of the metropolis.

Public transportation such as buses and taxicabs are mainly available throughout the day along the nearby EDSA. MRT Line also runs along EDSA, a mass public transport linking the district to Pasay, Makati, Mandaluyong and Quezon City.

Land Details

Certificates of Title

2.5 Based on documents furnished us, the land where Cyberscape Beta is erected consists of two (2) adjoining lots containing an aggregate area of **3,909.50 sq.m.**, technically identified as follows:

Lot/Survey Plan No.	TCT No.	Area (Sq. m.)
Lot 2-B / Psd-00-071110	011-2011000982	957.50
Lot 2-C / Psd-00-071110	011-2011000981	2,952.00
	Total -	**3,909.50**

2.6 The aforementioned Transfer Certificates of Title were both issued in favor of **the Client** on 18 May 2011 / 4 April 2011 by the Registry of Deeds for the City of Pasig.

Lot Area Allocation

2.7 The site is shared by another building identified as Cyberscape Gamma which is not covered by this valuation. Based on information provided to us by the Client, land area allocated for Cyberscape Beta is approximately **1,955 square meters**.

Draft Contract of Lease

2.8 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Cyberscape Beta with an area of 1,955 sq.m. Lease term would be for a period of 98 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Cyberspace Beta which is owned by the Lessee (plus VAT, as appliable).

2.9 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure

2.10 For purposes of this engagement, ownership rights to the land are treated as **leasehold.**

Terrain

2.11 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment

2.12 The land is presently improved with an office building identified as Cyberscape Beta, a PEZA registered, Grade A office building, construction of which was completed sometime in May 2014. Also included in this valuation are the

[1] As of the date of this Valuation Report, application for the change in name from “Robinsons Realty and Management Corporation” to “RL Commercial REIT, Inc.” is pending the approval of the Philippine SEC.

appurtenant Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **9**).

Tenure 2.13 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.14 Based on the gross floor area tabulation provided to us by the Client, the building has a total gross floor area of approximately 60,190.02 sq. m.

2.15 The Gross Floor Area (GFA) is tabulated as follows:

Floor	GFA (sq. m.)
B1	1,655.48
B2	1,655.48
B3	1,655.48
B4	1,655.48
GF	930.51
Mezz F	814.49
2F	1,480.66
3F	1,480.66
4F	1,480.66
5F	1,480.66
6F	1,480.66
7F	1,480.66
8F	1,480.66
9F	1,480.66
10F	1,480.66
11F	1,480.66
12F	1,480.66
14F	1,480.66
15F	1,480.66
16F	1,480.66
17F	1,480.66
18F	1,480.66
19F	1,480.66
20F	1,480.66
21F	1,480.66
22F	1,480.66
23F	1,480.66
24F	1,480.66
25F	1,480.66
26F	1,480.66
27F	1,480.66
28F	1,480.66
29F	1,480.66
30F	1,480.66
31F	1,480.66
32F	1,480.66
33F	1,480.66
34F	1,480.66
35F	1,480.66
36F	1,480.66

37F	1,480.66

Total	60,190.02

Condition

Scope of Inspection

2.16 As stated earlier, we have previously inspected the Property.

2.17 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.18 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.19 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided to us.

2.20 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.21 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.22 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.23 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.24 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.25 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

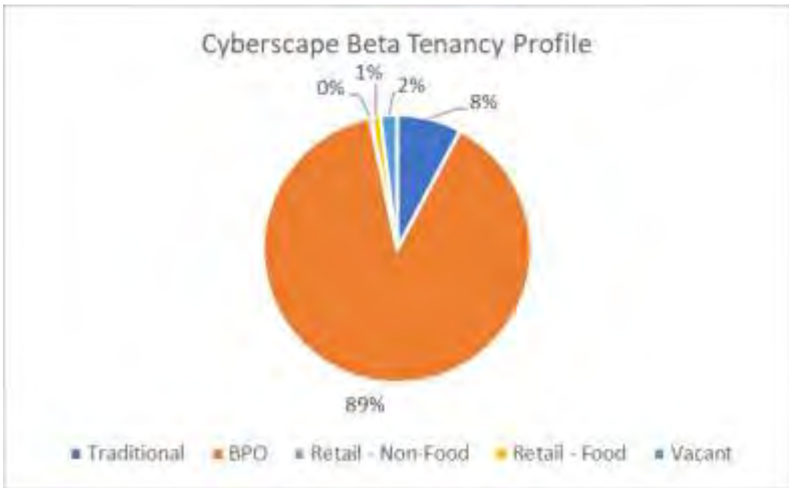
2.26 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.27 A summary of the Property tenancies is presented below.

TENANT	LEASED OUT AREA (GROSS)	Contract Lease Start	End
Tenant 1	120.23	15-May-14	14-Jul-24
Tenant 2	2,961.32	01-Jan-17	31-Jul-24
	763.58	01-Jan-17	31-Jul-24
Tenant 3	201.62	01-Aug-14	31-Oct-24
Tenant 4	80.00	01-Aug-16	31-Mar-22
Tenant 5	57.11	16-Aug-18	15-Sep-24
Tenant 6	81.46	03-Sep-14	20-Sep-24
	77.78	01-May-14	20-Sep-24
	1,480.66	01-Feb-21	31-Oct-25
	4,441.98	02-Feb-15	20-Sep-24
	1,480.66	01-May-14	30-Apr-26
Tenant 7	70.17	01-Apr-15	31-May-23
Tenant 8	762.88	01-Apr-14	31-May-24
Tenant 9	717.78	01-Jun-19	31-Aug-24
Tenant 10	717.08	01-Oct-17	31-Dec-22
Tenant 11	762.18	01-Oct-17	30-Nov-22
	10.18	01-Apr-18	30-Nov-22
	1,480.66	27-Sep-14	26-Dec-22
Tenant 12	331.48	01-Mar-14	30-Apr-22
Tenant 13	1,867.66	16-May-14	31-Mar-23
Tenant 14	717.49	01-Apr-15	31-Oct-23
	763.17	01-Apr-15	31-Oct-23
Tenant 15	1,480.66	01-Oct-14	31-Dec-24
Tenant 16	763.17	02-Jan-15	01-Apr-25
Tenant 17	1,097.12	01-Nov-14	31-Jan-23
Tenant 18	1,102.81	01-Oct-20	31-Mar-24
	377.85	01-Apr-21	31-Mar-24
Tenant 19	385.32	01-Dec-20	14-Jun-23
Tenant 20	2,961.32	01-Jun-14	31-Aug-24
Tenant 21	1,480.66	01-May-14	31-Dec-24
	1,480.66	01-May-14	31-Dec-24
Tenant 22	4,441.98	01-Feb-14	30-Jun-24
	1,480.66	02-Feb-15	30-Jun-24
Tenant 23	1,480.66	06-May-15	31-Oct-25
Tenant 24	717.49	01-Jan-21	31-Dec-23
Tenant 25	1,480.66	01-Mar-21	28-Feb-26
Tenant 26	717.49	01-Jan-21	31-Dec-25

2.28 Based on the information provided by the Client, total leasable area is **42,244.76** sq.m. with **331** parking slots available for lease.

2.29 The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 89% of the Property's leasable area followed by traditional offices at 8%.



Source: SKF, RLC

2.30 As of 30 June 2021, the Property is 98% occupied with a Weighted Average Lease Expiry (WALE) of 3.20 years. Earliest period with an expiring lease is 2022 with 8% of total leased area, followed by 2023 with 14% of leased areas. Additionally, in 2024, a sizeable 60% of the leased area will be up for renewal or a new lease.

Source: SKF, RLC

2.31 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodeling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE’s use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.32 The road networks within Ortigas Center can accommodate light to moderate pedestrian and vehicular traffic loads and has multiple connections to the surrounding thoroughfares. The roads range from 10 to 15 meters wide, mostly are concrete-paved and some have asphalt overlay, provided with cemented sidewalks, curbs and gutters, and underground drainage system. There are also modern pedestrian overpasses provided at the major road intersections of the district.

2.33 Our informal enquiries with the City Assessor's Office - Tax Mapping Division confirmed that the Property enjoys frontages along Ruby and Topaz Roads.

Access

2.34 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.35 From our enquiries with the City Planning Office, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a zero risk of flooding.

Contamination

2.36 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.37 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

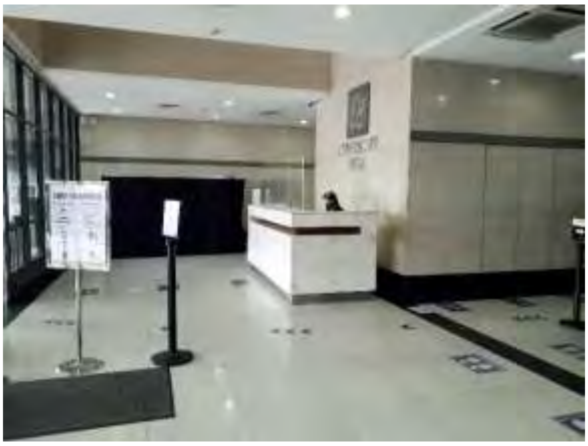
2.38 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible,

appropriately supported, financially feasible, and which results in highest land value.

2.39 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)



2.40 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

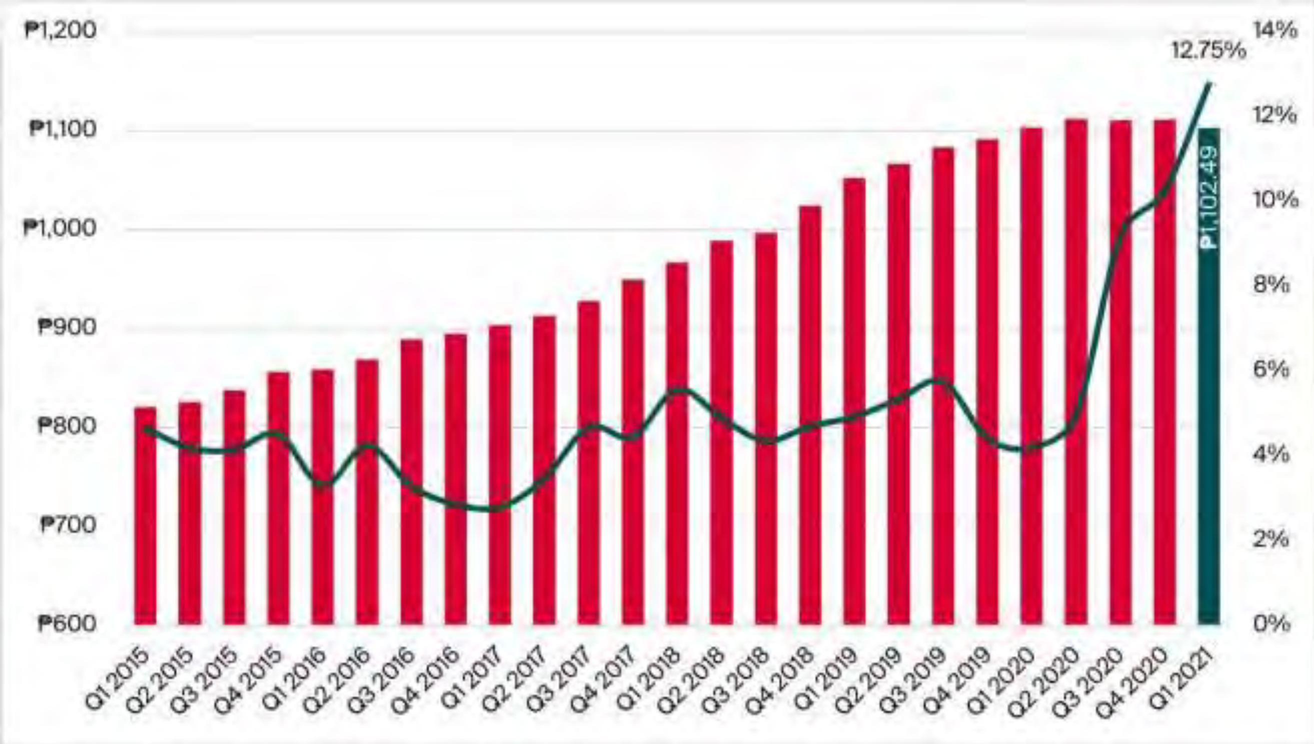
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

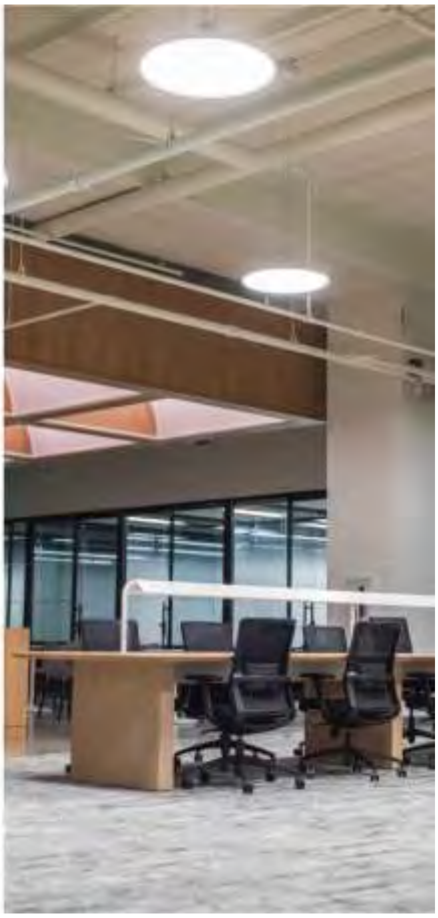
Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook



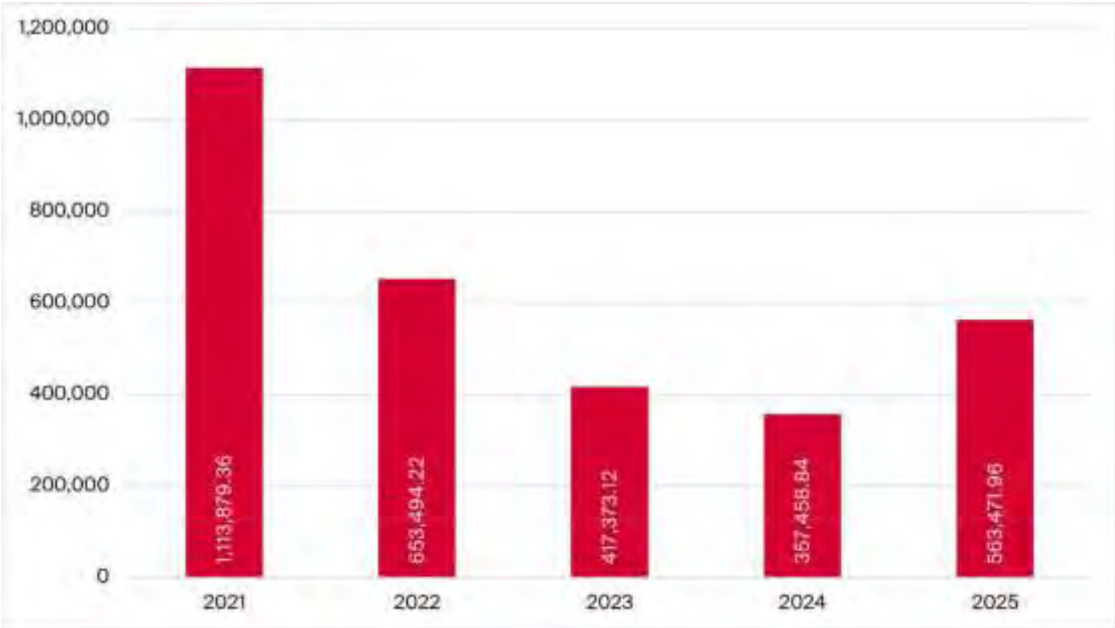
The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease

agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;

- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land 4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach 4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach 4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land 4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analysed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A 3,000-sq.m. commercial lot located along Meralco Avenue corners of Dona Julia Vargas and Sapphire Roads, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP500,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

2. A 1,710-sq.m. commercial lot located along Emerald Avenue corner Sapphire Road, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP350,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

3. A 1,838-sq.m. commercial lot located along Exchange Road corners of Pearl Drive and Amethyst Street, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP600,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP371,000 per sq.m.**, or a total of **PhP725,000,000** for a land area of **1,955 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	725,000,000	
Interest on Land Value			
PhP725,000,000 @ 4%	PhP	29,000,000	

	Total **PhP**	**29,000,000**	**per year**
		=========	
	Or **PhP**	**2,416,670**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP1,236.15 per sq. m. per month**, or a total of **PhP2,416,670 per month**, or say, **PhP29,000,000 per annum** for the subject land area of **1,955 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification: Previous	Classification: Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 98 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERSCAPE BETA			
Lease Details			
Lot Area	:	1,955	sq.m.
Term of Lease	:	98	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	1,236.15	/sq.m./ month
Annual Rent	:	29,000,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.21 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP14,000,000.**

We attach a copy of our valuation calculations at Appendix **5.**

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New (“RCN”) of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost (“DRC”). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis 4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 – the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk	4.30	The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.
Resulting Discount Rate	4.31	Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate 4.32 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions 4.33 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

The revenues come from the rental of retail units, office units, parking slots and other areas. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 98% while the historical average performance of the Property for the last two years is at 97%. Occupancy rates include committed leases. For this valuation exercise, we are assuming an overall average vacancy allowance of 4%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

Operating Costs and Expenses are assumed to be an average of approximately 18% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expense. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value 4.34

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

   The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **6**.

Direct Capitalization Method 4.35 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.36 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value 4.37 Market Value is defined in the 2019 **International Valuation Standards** as:
"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.38 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.39 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.40 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.41 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.42 We have adopted the gross floor area tabulation provided to us by the Client and have assumed this to be accurate.

4.43 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.44 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.45 Given the 98-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach 4.46 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under:

Land (Leasehold Value)		**PhP14,000,000**
Building		**1,631,377,000**
Building Machinery & Equipment		**357,788,000**

	TOTAL	**PhP2,003,165,000**

	ROUNDED TO	**PhP2,003,000,000**

==============

4.47 The Market Value of the Property is estimated at **PhP2,003,000,000 (TWO BILLION, THREE MILLION PHILIPPINE PESOS).**

Using Income Approach 4.48 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP7,794,000,000**
Direct Capitalization Method	**PhP8,964,000,000**

Calculation 4.49 We attach a copy of our valuation calculations for the Income Approach at Appendix **6 & 7**.

Comments 4.50 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.51 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.52 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP7,794,000,000 (SEVEN BILLION, SEVEN HUNDRED NINETY-FOUR MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ……………………………….. PhP7,794,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

Santos Knight Frank

Santos Knight Frank

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

ROBINSONS LAND CORPORATION

Santos Knight Frank

Santos Knight Frank

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Noted by:

CELIA N. ROCAMORA
Operations Director

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Proposal for Valuation Service: ROBINSONS LAND CORPORATION

Newmark Knight Frank Global

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)

VARIOUS VIEWS OF THE BUILDING

BUILDING MACHINERY & EQUIPMENT

Passenger Elevator

Fire Pump

Generating Sets

Power Transformers

Switchgear

Water Supply Pumps

Appendix 5 - Leasehold Value of the Land

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	100,182,314	7,012,762	7,309,589	296,827	0.966	286,604
2	January 01, 2022	December 31, 2022	410,841,359	28,758,895	29,870,000	1,111,105	0.901	1,000,780
3	January 01, 2023	December 31, 2023	424,785,136	29,734,960	30,766,100	1,031,140	0.840	866,377
4	January 01, 2024	December 31, 2024	434,277,394	30,399,418	31,689,083	1,289,665	0.784	1,010,814
5	January 01, 2025	December 31, 2025	440,278,325	30,819,483	32,639,755	1,820,273	0.731	1,330,871
6	January 01, 2026	December 31, 2026	457,066,795	31,994,676	33,618,948	1,624,272	0.682	1,107,805
7	January 01, 2027	December 31, 2027	473,593,438	33,151,541	34,627,517	1,475,976	0.636	939,051
8	January 01, 2028	December 31, 2028	488,910,747	34,223,752	35,666,342	1,442,590	0.593	856,166
9	January 01, 2029	December 31, 2029	504,476,806	35,313,376	36,736,332	1,422,956	0.554	787,792
10	January 01, 2030	December 31, 2030	526,213,368	36,834,936	37,838,422	1,003,487	0.516	518,247
11	January 01, 2031	September 30, 2031	409,659,766	28,676,184	29,150,099	473,915	0.490	232,350
12	January 01, 2032	December 31, 2032	566,694,950	39,668,646	40,142,782	474,136		
				Total Present Value of the Rental Gains				8,936,856
				Terminal Value of Leasehold Rights on the Land at Year 11				11,288,947
						Discounted at	0.490	5,534,710
				Total Value of Leasehold				14,471,566
								==========
						ROUNDED TO, say,		14,000,000
								==========

Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE BETA
PROPERTY ADDRESS:	:	Ruby Road & Topaz Road, Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	42,244.76 sq.m.
Total No. of Parking Slots	:	331

PROJECTED FINANCIALS

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	196,255,817	402,400,905	415,907,510	425,308,083	428,602,677	444,793,940	460,824,168	476,483,021	489,344,112	510,411,190	263,509,218	550,721,531
Parking Slots	9,551,209	19,459,540	20,188,988	20,485,495	21,030,104	21,988,491	22,793,230	23,030,440	23,614,625	24,690,794	12,692,034	25,860,795
Other Areas	4,497,996	9,342,561	9,752,851	9,992,957	10,210,009	10,621,606	11,050,292	11,067,647	11,259,091	11,713,276	6,029,234	12,171,576
Gross Leasing Revenues	210,305,023	431,203,006	445,849,349	455,786,534	459,842,790	477,404,038	494,667,690	510,581,108	524,217,827	546,815,261	282,230,486	588,753,902
Less: Vacancy Allowance	*9,940,394*	*20,361,647*	*21,064,212*	*21,509,141*	*19,564,465*	*20,337,242*	*21,074,252*	*21,670,361*	*19,741,021*	*20,601,893*	*10,624,560*	*22,058,952*
Net Leasing Revenues	200,364,628	410,841,359	424,785,136	434,277,394	440,278,325	457,066,795	473,593,438	488,910,747	504,476,806	526,213,368	271,605,926	566,694,950
Other Income												
Management Dues	24,042,319	47,692,644	47,692,644	47,692,644	47,941,043	50,338,096	50,338,096	50,338,096	50,598,915	50,598,915	25,091,517	53,128,860
Aircon Dues	17,663,745	35,039,494	35,039,494	35,039,494	35,221,991	36,983,091	36,983,091	36,983,091	37,174,713	37,174,713	18,434,584	39,033,449
NET REVENUES	242,070,692	493,573,497	507,517,274	517,009,532	523,441,359	544,387,981	560,914,625	576,231,933	592,250,434	613,986,996	315,132,026	658,857,259
OPERATING COSTS & EXPENSES												
Contracted Services	4,345,864	8,911,058	9,213,495	9,419,380	9,549,539	9,913,677	10,272,137	10,604,366	10,941,990	11,413,451	5,891,072	12,291,488
Repairs & Maintenance	6,555,439	13,441,722	13,897,928	14,208,492	14,404,827	14,954,105	15,494,816	15,995,961	16,505,244	17,216,411	8,886,280	18,540,869
Management Fee	8,587,110	17,607,599	18,205,193	18,612,007	18,869,191	19,588,701	20,296,991	20,953,451	21,620,572	22,552,145	11,640,328	24,287,081
Loss from CUSA												
Power Charges - net	815,332	1,671,812	1,728,553	1,767,179	1,791,598	1,859,915	1,927,166	1,989,495	2,052,837	2,141,289	1,105,230	2,306,018
Water Charges - net	218,982	449,017	464,256	474,630	481,189	499,537	517,599	534,340	551,353	575,109	296,843	619,352
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	285,642	585,701	605,579	619,111	627,666	651,600	675,161	696,997	719,189	750,177	387,205	807,888
Miscellaneous Expense	86,579	177,528	183,553	187,655	190,248	197,502	204,643	211,262	217,988	227,381	117,363	244,873

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE BETA
PROPERTY ADDRESS:	:	Ruby Road & Topaz Road, Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	42,244.76 sq.m.
Total No. of Parking Slots	:	331

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		1,142,934	2,330,402	2,396,238	2,441,055	2,471,423	2,570,322	2,648,353	2,720,673	2,796,304	2,898,933	1,487,893	3,110,788
Taxes & Licenses		6,570,072	13,033,024	13,424,015	13,424,015	13,424,015	13,424,015	13,826,735	13,826,735	13,826,735	13,826,735	7,062,242	14,241,537
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	536,852	921,906	4,193,595	751,117	1,113,070	1,021,469	4,698,187	857,565	1,277,274	584,098	5,430,188
Insurance Expense		929,442	1,895,099	1,948,637	1,985,083	2,009,778	2,090,204	2,153,658	2,212,470	2,273,974	2,357,432	1,209,964	2,529,714
Communication		22,984	46,863	48,187	49,088	49,699	51,687	53,257	54,711	56,232	58,296	29,920	62,556
Rent Expense		7,012,762	28,758,895	29,734,960	30,399,418	30,819,483	31,994,676	33,151,541	34,223,752	35,313,376	36,834,936	19,012,415	39,668,646
Supplies Expense		361,591	737,270	758,099	772,278	781,885	813,174	837,860	860,740	884,668	917,137	470,725	984,161
Travel & Transportation		510	1,039	1,068	1,088	1,102	1,146	1,181	1,213	1,247	1,292	663	1,387
Representation & Entertainment		1,201	2,448	2,517	2,564	2,596	2,700	2,782	2,858	2,938	3,045	1,563	3,268
TOTAL COSTS & EXPENSES		36,936,445	90,186,328	93,534,184	98,556,637	96,225,356	99,726,032	103,085,349	109,587,212	108,622,212	113,051,043	58,183,805	125,129,814
NET OPERATING INCOME		205,134,248	403,387,169	413,983,091	418,452,894	427,216,003	444,661,949	457,829,275	466,644,721	483,628,222	500,935,953	256,948,221	533,727,445
CAPEX	1.5%	3,005,469	6,162,620	6,371,777	6,514,161	6,604,175	6,856,002	7,103,902	7,333,661	7,567,152	7,893,201	4,074,089	8,500,424
NOI after CAPEX		202,128,778	397,224,548	407,611,314	411,938,734	420,611,829	437,805,947	450,725,374	459,311,060	476,061,070	493,042,753	252,874,132	525,227,020
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		193,535,703	348,933,387	328,493,044	304,569,268	285,304,376	272,447,051	257,327,359	240,577,142	228,761,865	217,359,708	106,816,766	203,542,724

Total Present Worth of Cashflows		2,784,125,669
Terminal Value of Property at 11Y	4.50%	11,860,609,878
Less: Sales Expense at 2.5%		-
Discounted at	0.42	5,010,049,789

TOTAL PROPERTY VALUE	7,794,175,458
Rounded to, say	7,794,000,000

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE BETA
PROPERTY ADDRESS:	:	Ruby Road & Topaz Road, Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	42,244.76 sq.m.
Total No. of Parking Slots	:	331

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	402,400,905
Parking Slots	19,459,540
Other Areas	9,342,561
Gross Leasing Revenues	431,203,006
Less: Vacancy Allowance	20,361,647
Net Leasing Revenues	410,841,359
	-
Other Income	47,692,644
Management Dues	35,039,494
Aircon Dues	-
NET REVENUES	493,573,497
OPERATING COSTS & EXPENSES	
Contracted Services	8,911,058
Repairs & Maintenance	13,441,722
Management Fee	17,607,599
Loss from CUSA	-
Power Charges - net	1,671,812
Water Charges - net	449,017
Aircon Dues (Expense)	-
Others	585,701
Miscellaneous Expense	177,528
General and Administrative Expense	-
Salaries & Wages	2,330,402
Taxes & Licenses	13,033,024
Advertising & Promotions Expense	-
Commission Expense	536,852
Insurance Expense	1,895,099
Communication	46,863
Rent Expense	28,758,895
Supplies Expense	737,270
Travel & Transportation	1,039
Representation & Entertainment	2,448
TOTAL COSTS & EXPENSES	90,186,328
NET OPERATING INCOME	403,387,169
Capitlization Rate	4.5%
TOTAL PROPERTY VALUE	8,964,159,307
Rounded to, say	8,964,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Cyberscape Beta, Ruby Road and Topaz Road, Ortigas Center, Pasig City	Meralco Avenue corners of Doña Julia Vargas Avenue and Sapphire Road, Origas Center, Pasig City		Emerald Avenue cor Sapphire Road, Ortigas Center, Pasig City		Exchange Road corners of Pearl Drive and Amethyst Street, Ortigas Center, Pasig City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		1,500,000,000.00		598,500,000.00		1,102,800,000.00	
Size (sq. m.) - Allocated Area	1,955.00	3,000.00		1,710.00		1,838.00	
Price Per sq.m. (Unadjusted)		PHP 500,000.00		PHP 350,000.00		PHP 600,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			500,000.00		350,000.00		600,000.00
Condition of Sale/Offer	N/A	Listing		Inquiry		Listing	
Comparison/Adjustment		Allowance	-20%	Allowance	-5%	Allowance	-20%
Adjusted Price			400,000.00		332,500.00		480,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	3%
Adjusted Price			400,000.00		332,500.00		494,400.00
PHYSICAL ADJUSTMENTS							
Location	Cyberscape Beta, Ruby Road and Topaz Road, Ortigas Center, Pasig City	Meralco Avenue corners of Doña Julia Vargas Avenue and Sapphire Road, Origas Center, Pasig City		Emerald Avenue cor Sapphire Road, Ortigas Center, Pasig City		Exchange Road corners of Pearl Drive and Amethyst Street, Ortigas Center, Pasig City	
Comparison/Adjustment		superior	-5%	equal	0%	superior	-5%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size (in sq.m.)	1,955.00	3,000.00		1,710.00		1,838.00	
Comparison/Adjustment		inferior	5%	equal	0%	equal	0%
Shape	rectangular	rectangular		rectangular		rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Amenities/Utilities	available	available		availlable		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary roads / thru lot	main roads/2-corner lot		secondary road/corner lot		secondary roads/2-corner lot	
Comparison/Adjustment		superior	-15%	equal	0%	superior	-5%
Zoning	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			25%		0%		10%
Total Net Adjustments			-15%		0%		-10%
Final Adjusted Price (Net Adjustment Basis)		340,000.00		332,500.00		444,960.00	
Weight		17.0%		50.0%		33.0%	
Weight Equivalent		57,800.00		166,250.00		146,836.80	
Value per sqm		370,886.80					
ROUNDED TO		371,000.00 per sq.m.					
Allocated Land Area		1,955.00 sq.m.					
INDICATED VALUE		725,000,000					

Appendix 9 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
Cyberscape Beta - As seen during our inspection for the previous valuation done, this is a thirty-seven (37)-storey, reinforced concrete-framed building with four (4) basement levels, a mezzanine and a roof deck, construction of which was completed sometime in May 2014. The ground floor is being utilized as lobby and for retail purposes, while the mezzanine level is partly used as retail areas and partly as offices. The basement levels as well as the 2nd floor up to the 8th floor are mainly used as parking areas with some small offices and equipment rooms. The parking levels connect to the adjacent Gamma Tower. The rest of the upper floors are used as offices with high and low zones, while some equipment rooms can also be found at the roof deck. Construction features include partly granite tiles and mainly plastered cement finish precast concrete exterior walls; concrete slab roofing with waterproofing membrane; mainly ceramic tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on parking areas; granite tiles finish concrete partitions in lobbies; mainly gypsum board ceiling in common areas; frameless glass main entrance doors; and mainly glass on analok frame windows. The office units during handover to the tenants reportedly have plain cement finish concrete flooring, acoustic board on aluminum T-runner ceiling and electrical lighting facilities. The retail units, meanwhile, have plain cement finish concrete flooring, open ceiling and electrical lighting facilities upon turnover to the tenants. All interior works done on the leased areas were reportedly shouldered by the tenants and were, therefore, excluded in this report. The building is painted and provided with electrical lighting and plumbing facilities. It is also equipped with building machinery and equipment such as elevators, back-up power supply generators, CCTV, air conditioning system, fire alarm sprinkler system, among others, described and valued in the succeeding sections of this report. Based on the floor area tabulation provided to us by the client, total gross floor area of the building is approximately 60,190.02 sq. m.	**1,631,377,000** ============

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators	
3-Passenger Elevators (High Zone)- Schindler, 1,600 kgs., 22 persons capacity, 16 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	26,986,000
4-Passenger Elevators (Low Zone)- Schindler, 1,600 kgs., 22 persons capacity, 14 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	31,483,000
Service Elevator- Schindler, 1,600 kgs., 22 persons capacity, 42 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	21,467,000
Parking Elevator- Schindler, 1,150 kgs., 15 persons capacity, 12 landings, machine less room, complete with electric drive motor, control panel, wires, cables and other standard accessories	4,408,000
Parking Elevator- Schindler, 1,150 kgs., 15 persons capacity, 11 landings, machine less room, complete with electric drive motor, control panel, wires, cables and other standard accessories	4,041,000

Total for Elevators -	**88,385,000**

Air Conditioning and Ventilating System	
Lot-Air Conditioning System- Mitsubishi Electric Citi Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprising of: 61 - ACCU Outdoor Units - 50 kw cooling capacity series 61 - ACCU Outdoor Units - 45 kw cooling capacity series 61 - ACCU Outdoor Units - 38 kw cooling capacity series 61 - ACCU Outdoor Units - 33 kw cooling capacity series 112-ERV Units-	

Lot-Additional AC Equipment-
1,252 - ACCU Indoor Units (FCU) -
Ceiling mounted and ceiling concealed type, ranges from 3 to 7.5 TR cooling capacity
2 - ACCU Outdoor Units -
LG, variable refrigerant flow (VRF), 15 TR cooling capacity
Note: Installed last 2018
4 - Fan Coil Units -
LG, ceiling concealed ducted type, 7.5 TR cooling capacity
Note: Installed last 2018
ACCU Outdoor Unit -
LG, 3 TR cooling capacity
Note: Installed last 2018, located at 24th floor
ACCU Outdoor Unit -
LG, 1.5 TR cooling capacity
Note: Installed last 2018, located at 6th floor
2 - ACCU Outdoor Units -
LG, 1.5 TR cooling capacity
Note: Installed last 2018, located at 24th floor
Fan Coil Unit-
LG, ceiling suspended type, 3 TR cooling capacity
Note: Installed last 2018, located at 25th floor
Fan Coil Unit -
LG, wall mounted, 1.5 TR cooling capacity
Note: Installed last 2018, located at 6th floor
2 - Fan Coil Units -
LG, wall mounted, 1.5 TR cooling capacity
Note: Installed last 2018, located at 25th floor
2-Fan Coil Units-
LG, ceiling concealed ducted type, 5 TR cooling capacity
Note: Located at Ground Floor Lobby
Fan Coil Unit-
LG, ceiling concealed ducted type, 7.5 TR cooling capacity
Note: Located at Ground Floor Lobby
Fan Coil Unit-
LG, ceiling mounted, 3 TR cooling capacity
Note: Located at Machine Room (25F)
2-Fan Coil Units-
LG, ceiling mounted, 5 TR cooling capacity
Note: Located at Machine Room
2-Fan Coil Units-
LG, wall mounted, 1.5 TR cooling capacity
Note: Located at Machine Room (25F)
2-Air Conditioning Units-
LG, window type, 1.5 kw capacity
Note: Located at Machine Room
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories
Note: Installed in various locations 144,909,000

Lot-Air Ventilation and Exhaust System-
Consisting of:
4-Tubular Exhaust Fans-
Nicotra, driven by 7.5 kw electric motor
Note: Located from B1 to B4
4-Tubular Supply Fans-
Nicotra, driven by 7.5 kw electric motor
Note: Located from B1 to B4

24-Jet Fans-
Robotech, jet type, driven by 300 watts motor
Note: Located from B1 to B4
2-Smoke Evacuation Blowers-
Nicotra, centrifugal type, driven by 15 kw electric motor
Note: Located at Roofdeck
2-Pressurization Blowers-
Nicotra, centrifugal type, driven by 11 kw electric motor
Note: Located at Roofdeck
4-ERV Exhaust Blowers-
Nicotra, tube axial type, driven by 4 kw electric motor
Note: Located at Roofdeck
4-ERV Supply Blowers-
Nicotra, tube axial type, driven by 4 kw electric motor
Note: Located at Roofdeck
Air Supply Blower-
Nicotra, finned tube type, driven by 11 kw electric motor
Note: Located at STP Area
Exhaust Blower-
Nicotra, finned tube type, driven by 11 kw electric motor
Note: Located at STP Area
2-Toilet Exhaust Blowers-
Nicotra, driven by 7.5 kw electric motor
Note: Located at Roofdeck
8-Exhaust Fans-
Niagara, wall mounted, 915 mm fan blade diameter with drive motor
Note: Located at Genset Room
10-Exhaust Fans-
Niagara, wall mounted, 610 mm fan blade diameter with drive motor
Note: Located at Genset Room
16-Air Supply Blowers-
Niagara, wall mounted, 610 mm fan blade diameter with drive motor
Note: Located at Substation Room
Exhaust Fan-
Niagara, wall mounted, 610 mm fan blade diameter with drive motor
Note: Located at Fire Pump Room
2-Exhaust Fans-
Niagara, wall mounted, 380 mm fan blade diameter with drive motor
Note: Located at Fuel Pump Room
System complete with ductings installations, electrical and controls system and other standard accessories — 3,048,000

Total for Air Conditioning and Ventilating System - — **147,957,000**

Lot-Building Management System-
Consisting of:
CPU (Air Conditioning System)-
Powerlogic, Core i7 with keyboard and mouse
LCD Monitor-
View Sonic
CPU (Elevator)-
Transformer type console
LCD Monitor-
Claxan
System complete with electrical wiring installations and other standard accessories — **6,329,000**

Lot-Standby Power Supply and Electrical Power Distribution System -
System consisting of:
3-AC Electric Generating Set-
MGS-Stamford, Model MG-73PF, July 2012 Mfg Date, Ser. Nos. X12G301715, X12G301716 and X12G302704, 2605 kva (2084 kw) design output, 2125 kva (1700 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation
AC Electric Generating Set-
MGS-Stamford, Model MG-73PF, May 2012 Mfg Date, Ser No. X12E191729, 2605 kva (2084 kw) design output, 2125 kva (1700 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing with 7 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch,and standard accessories
Battery Charger-
30 volts, 30 amperes capacity
Fuel Day Tank-
Mild steel plate of welded construction, 12,000 liters capacity
Fuel Storage Tank-
Mild steel plate of welded construction, 54,000 liters capacity
Note: Located at Basement 4
2-Fuel Pumps-
No available brand, rotary gear type, driven by 4.1 kw electric motor
Note: Located at Basement 4
2-Power Transformers-
No available brand, 2.5 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Vacuum Fault Interrupter-
G & W Electric Co., metal clad casement, 2 swing-out door panels
Low Voltage Switchgear No. 1-
Metal clad casement, free standing with 6 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
Low Voltage Switchgear No. 2-
Metal clad casement, free standing with 4 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
Main Distribution Panel-
Metal clad casement, free standing with 1 vertical section, 400 volts
2-Capacitor Banks-
Metal clad casement, free standing type, with 2 swing-out door panels, approx. 1,600 kvar capacity

System complete with electrical wiring installations, piping connections, contactors, relays and other standard accessories **93,095,000**

Lot-Water Supply/ Distribution and Dewatering System-
Consisting of:
Water Storage Tank-
Stainless steel construction, 25,000 gallons capacity
Note: Located at Roof Deck
2-Booster Pumps-
Dynaflo, centrifugal type, driven by 3.73 kw electric motor, equipped with;
Pressure Tank-
Super Flow, GWS, mild steel construction, 850 liters capacity
Note: Unit located near Upper Deck Machine Room
2-Transfer Pumps-
Worthington, vertical turbine type, 250 gpm capacity, driven by 56 kw electric motor
Note: Located at Basement 4
2-Sump Pumps-
Submersible type, driven by 8.2 kw electric motor
Note: Located at Basement 4
System complete with piping connections, valves and fittings, controls and other standard accessories **3,339,000**

Lot-Fire Fighting, Fire Alarm and Fire Detection System -
Consisting of:
Fire Pump-
ITT Industries, vertical turbine type, 750 gpm capacity, driven by 149.2 kw electric motor
Fire Pump-
ITT Industries, vertical turbine type, 750 gpm capacity, driven by 4 Cylinder Clarke / John Deere Diesel Engine
Jockey Pump-
Submersible type, driven by 7.5 kw electric motor
Automatic Transfer Switch-
Metal clad casement, wall mounted, 1,600 amperes
2-Fire Pump Controllers-
Eaton
Jockey Pump Controller-
Eaton
82-Fire Hose Cabinets-
Aluminum frame with glass panel door, wall mounted, complete with fire hose, nozzle and 10 lbs dry chemical type fire extinguisher
System complete with automatic sprinkler heads, FDAS, fire extinguishers, smoke and heat detectors, fire alarm bells, burglar alarm, piping connections, valves, fittings, and other standard accessories
Note: Installed in various locations. **10,690,000**

Lot-Sewage Treatment Plant -
Approximately at an average of 100 to 150 m^3 per day effluent working capacity, complete with 2 - 11.12 kw air blowers, 2 - 8.2 kw effluent pumps, 2-1.5 kw influent pumps, 2-1.5 kw decanter pumps, 1-1.11 kw sludge pump and 1-0.37 kw sludge pump, air diffusers, valves, fittings, piping installations, collecting chamber tanks, controls and other standard accessories

Note: Plant repairs/upgrade work 2017 Q4 with replaced aeration air blowers and added influent pump, decanter pumps and sludge pumps	**3,641,000**

Lot-CCTV Security Monitoring System-
Consisting of:
107-CCTV Cameras-
Fix dome type
8-LCD Monitors-
A Vision
8-DVR-
GMG Advanced K.264
6-UPS-
Intex, 1500 VA
RPS Charger-
12 amperes

System complete with electrical and wiring installations, controls and other standard accessories	**2,610,000**

<u>Others</u>

Walkthrough Metal Detector-	171,000
Gondola-	
MHE Demag, 200 kgs capacity, complete with cage, winch, weights, drive motor and other standard accessories	1,520,000
2-Parking Boom Barriers-	
Nice, with 4 meters long tubular barrier	51,000

Total for Others -	**1,742,000**

Total for Building Machinery & Equipment -	**357,788,000**
	===========

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Exxa - Zeta Tower -
West Drive, Bridgetowne
Barangay Ugong Norte
Quezon City, Metropolitan Manila

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	West Drive, Bridgetowne, Barangay Ugong, Quezon City, Metropolitan Manila, Philippines.		
Description	The valuation comprises land (leasehold), building, and building machinery & equipment of a site identified as Exxa-Zeta Tower, a PEZA registered, LEED Silver certified, Prime Grade office building located on the southwest side of West Drive, about 80 meters northwest from Ortigas Avenue Extension, or some 220 meters southeast from Eulogio Rodriguez, Jr. Avenue passing along Tera Drive.		
Land Area	6,808 sq.m.		
Gross Floor Area	108,887.87 sq.m	**Gross Leasable Area**	74,583.74 sq.m.
Occupancy	98%	**WALE**	4.43 years
Ave. Lease Rate	PhP636/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE (Income Approach)	**PhP11,867,000,000** **ELEVEN BILLION, EIGHT HUNDRED SIXTY-SEVEN MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of <u>leasehold of land</u>, <u>building, other land improvements, and building machinery & equipment</u> of a site identified as Exxa-Zeta Tower located along **West Drive, within Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability 1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix 2. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise 1.14 The valuation process was performed by **Raymond F. Dechavez**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting 1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection 1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations 1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- Typical Floor Plan
- Site Development Plan
- Lot Plan
- Floor Area Tabulation
- Rent Roll
- Financial Statements
- Projections
- Historical and Current Occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address

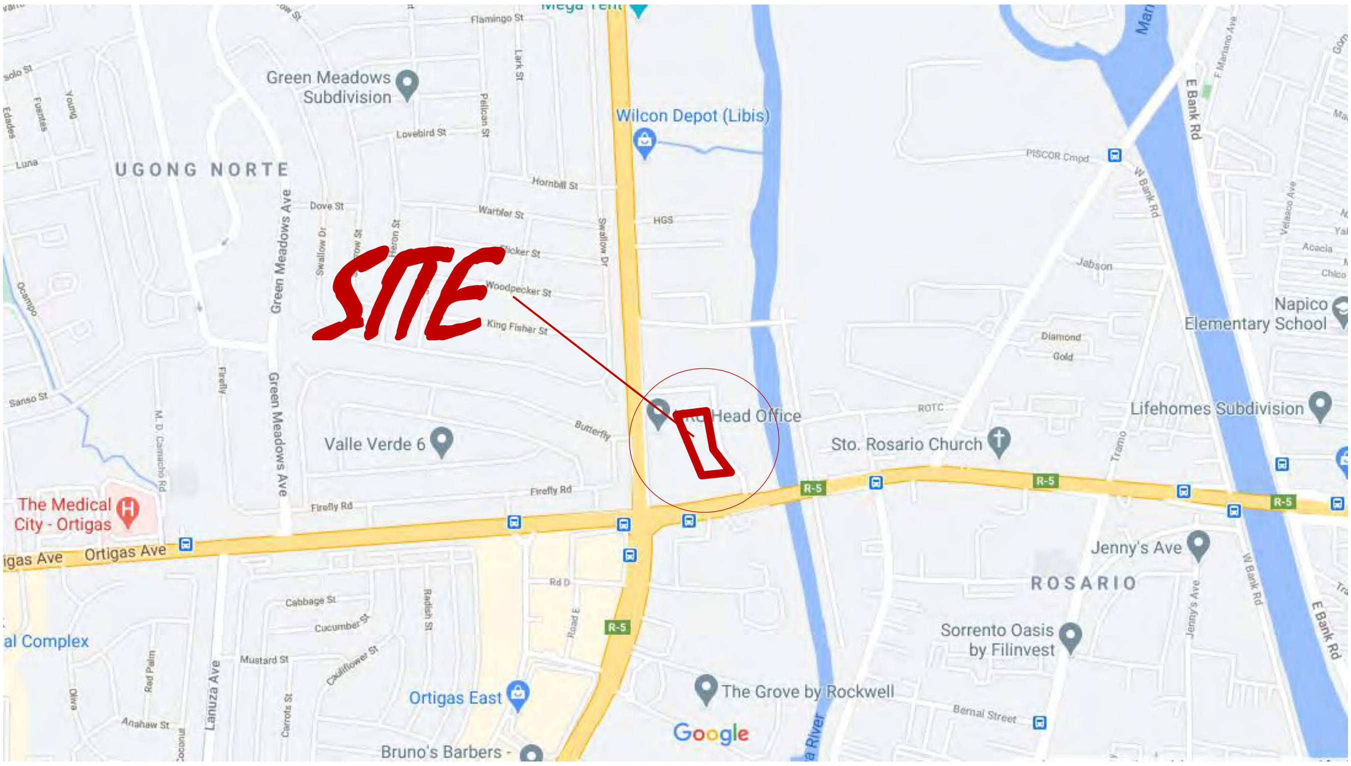
2.1 The Property, identified as Exxa-Zeta Tower, is located along the southwest side of West Drive, within Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila, Philippines.

The site is approximately 80 meters northwest from Ortigas Avenue Extension, some 220 meters southeast from Eulogio Rodriguez, Jr. Avenue passing along Tera Drive, 2.70 kilometers southeast from Epifanio delos Santos Avenue (EDSA) within the vicinity of Robinsons Galleria and approximately 7.40 kilometers southeast from Quezon City Hall.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.



Neighborhood

2.3 Bridgetowne is a mixed township and business park situated in a former industrial area on both banks of the Marikina River near the junction of Eulogio Rodriguez, Jr. Avenue (C-5 Road) and Ortigas Avenue. The 30.61-hectare (75.6-acre) master-planned community is the first integrated township project by Robinsons Land Corporation, the real estate arm of JG Summit. It is currently anchored by four office towers in its information technology park dedicated to the business process outsourcing sector, its second in Metro Manila after Robinsons Cybergate in Mandaluyong. Once completed, the township will be a community consisting of seven office towers, a shopping mall, five-star hotel and residential condominiums, with a landmark bridge and a light art installation called The Victor as its centerpiece. Upon completion, the Victor will be one of the country's tallest art installation.

Outside Bridgetowne, land utilization is for an intermix of residential, industrial and commercial purposes. Across E. Rodriguez, Jr. Avenue are exclusive, low-density villages such as Valle Verde 2, 5 and 6 and Greenmeadows Subdivision. Still noted near the Property are some industrial sites but recent developments point toward a gradual change in land use.

Some of the significant mixed-use developments nearby that are gradually changing the trend in the area include "Eastwood City", "The Grove" "Metropoli Residenza", "Ayala Land Eton Property" and "Frontera Verde".

Accessibility

2.4 The Property is easily accessible from the rest of Metropolitan Manila thru the nearby E. Rodriguez, Jr. Avenue (C-5 Road) and Ortigas Avenue Extension.

Public Transportation such as buses, jeepneys, GT/UV Express Vans, and taxi cabs are readily available along the aforesaid roads.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Lot Area Allocation

2.5 Based on document furnished us, the land where the Exxa-Zeta Tower is erected consists of a lot technically identified as Lot 2, Pcs-00-014792 containing an area of **14,116 sq. m.**, more or less, covered by Transfer Certificate of Title No. 004-2016014341 issued in favor of **ROBINSONS LAND CORPORATION** on September 20, 2016 by the Registry of Deeds for Quezon City.

2.6 Based on Lot Plan provided to us by the Client, the allocated land area for Exxa-Zeta Tower is about **6,808 sq. m.**

2.7 Image of the Lot Plan is attached at Appendix **5**.

Draft Contract of Lease

2.8 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Exxa-Zeta Tower with an area of 6,808 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Exxa-Zeta Tower which is owned by the Lessee (plus VAT, as appliable).

2.9 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure

2.10 For purposes of this engagement, ownership rights to the land is treated as **leasehold.**

Terrain

2.11 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment

2.12 The land is presently improved with a commercial/office building identified as Exxa-Zeta Tower, a PEZA registered, LEED Silver certified, Prime Grade office building. Construction of Exxa Tower was completed sometime in March 2018, while Zeta Tower was completed sometime in November 2018. Also included in

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[1] As of the date of this Valuation Report, application for the change in name from “Robinsons Realty and Management Corporation” to “RL Commercial REIT, Inc.” is pending the approval of the Philippine SEC.

this appraisal are the appurtenant Building Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **11**).

Tenure 2.13 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.14 Based on the gross floor area tabulation provided to us by the Client, Exxa-Zeta Tower has a total gross floor area of about 108,887.87 sq.m., excluding decks.

2.15 The floor area of Exxa-Zeta Tower, is tabulated as follows:

Exxa-Zeta Tower	GFA (sq.m.)
Basement	6,325.00
GF	4,366.80
2F	3,982.53
3F	6,210.36
4F	6,210.36
5F	6,210.36
6F	6,210.36
7F	4,955.15
8F	4,955.15
9F	4,955.15
10F	4,955.15
11F	4,955.15
12F	4,955.15
14F	4,955.15
15F	4,955.15
16F	4,955.15
17F	4,955.15
18F	4,955.15
19F	4,955.15
20F	4,955.15
21F	4,955.15

TOTAL AREA	**108,887.87**

Condition

Scope of Inspection 2.16 As stated earlier, we have previously inspected the Property.

2.17 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.18 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.19 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.20 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.21 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.22 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.23 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.24 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

2.25 We have further assumed for the valuation that the ground condition will not have significant adverse impact to the development cost as well as the development period which may result in difference in site value.

Services

2.26 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

2.27 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.28 A summary of the Property tenancies is presented below.

Exxa Tower

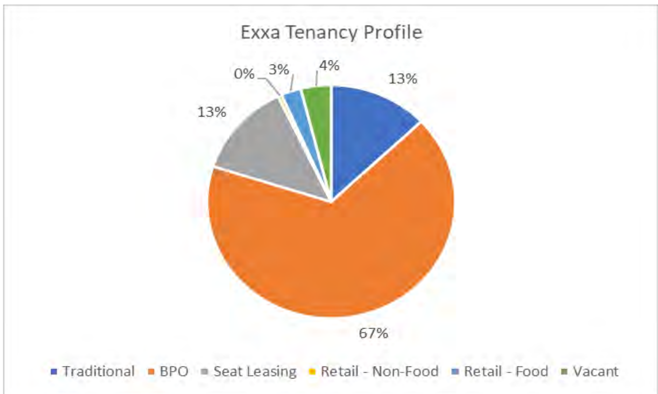
TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	End
Tenant 1	403.81	05-Nov-18	04-Jan-24
Tenant 2	2,489.61	01-Jun-18	31-Aug-23
Tenant 3	102.37	01-Jun-18	31-Aug-23
	2,489.61	01-Jun-18	31-Aug-23
Tenant 4	68.12	05-Nov-19	04-Jan-23
Tenant 5	30.75	01-Mar-21	02-May-24
Tenant 6	266.96	16-Oct-17	15-Dec-22
Tenant 7	82.27	16-Oct-17	31-May-24
Tenant 8	55.25	01-Jun-21	31-Jul-26
Tenant 9	71.52	03-Jun-19	02-Aug-22
Tenant 10	137.47	01-Mar-19	30-Apr-24
Tenant 11	84.43	24-Apr-18	23-Jun-23
	15.06	07-Jan-19	23-Jun-23
Tenant 12	2,489.61	01-Jan-18	07-Oct-23
	128.53	16-Jul-18	07-Oct-23
	2,489.61	01-Jan-18	07-Oct-23
	2,489.61	01-Jan-18	07-Oct-23
	2,489.61	08-Jan-18	07-Oct-23
	2,489.61	08-Jan-18	07-Oct-23
	2,489.61	01-Jul-18	07-Oct-23
	2,489.61	01-Jul-18	07-Oct-23
	2,489.61	20-Dec-17	19-Mar-23
Tenant 13	2,489.61	15-Mar-18	14-Jun-23
	2,489.61	01-Sep-18	12-Nov-23
Tenant 14	1,280.52	01-Sep-18	30-Nov-23
Tenant 15	1,209.09	01-Sep-19	30-Nov-24
	2,489.61	01-Sep-18	30-Nov-24
Tenant 16	1,429.57	01-Jan-21	31-Dec-23

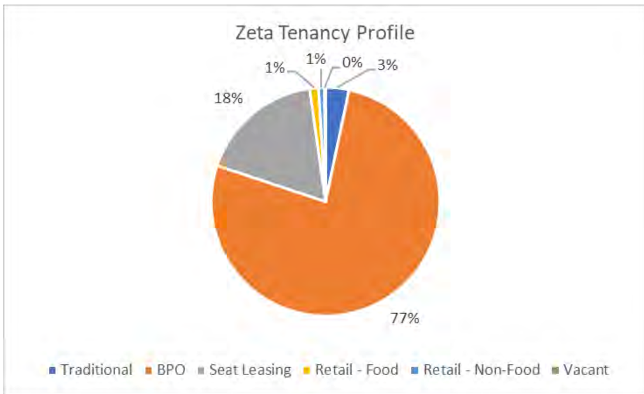
Zeta Tower

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	End
Tenant 1	71.15	05-Apr-18	14-Apr-24
Tenant 2	1,163.97	01-Oct-18	04-Jan-24
Tenant 3	160.73	16-Jul-18	15-Sep-23
Tenant 4	147.12	31-May-19	30-Jul-22
Tenant 5	59.33	01-Aug-18	08-Oct-21
Tenant 6	301.00	15-Jun-18	14-Sep-23
Tenant 7	2,465.55	01-May-18	31-Oct-23
	2,465.55	01-Aug-18	30-Nov-23
	1,301.58	01-Aug-19	31-Oct-24
Tenant 8	2,465.55	15-Feb-19	14-May-24
Tenant 9	2,465.55	01-May-21	30-Nov-29
	2,465.55	01-Apr-19	30-Nov-29
	2,465.55	01-Apr-19	30-Nov-29
	2,465.55	01-Mar-19	30-Nov-29
	2,465.55	01-Feb-19	30-Nov-29
	2,465.55	01-Mar-19	30-Nov-29
	1,285.00	01-Apr-19	30-Nov-29
	1,180.55	01-Dec-19	30-Nov-29
	2,465.55	01-Mar-19	30-Nov-29
	2,465.55	01-May-21	30-Nov-29
	2,465.55	01-Dec-19	30-Nov-29

2.29 Based on the rent roll provided, Exxa Tower total leasable area is **39,280.42 sq.m.** while Zeta Tower has a total leasable area of **35,303.32** sq.m. Combined leasable area of both towers is at **74,583.74** sq.m. with **794** parking slots available for lease.

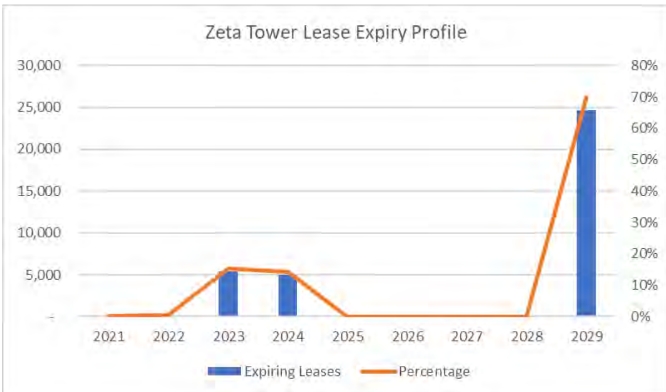
The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies, seat leasing and some retail tenants. Based on the figure found on the next page, which summarizes the tenancy profile of the Property, BPOs currently take up 67% and 77% of Exxa and Zeta's leasable area followed by seat leasing with 18% at Zeta Tower and 13% of both traditional and seat leasing offices at Exxa Tower.





Source:SKF/ RLC

2.30 As of 30 June 2021, the Property is 98% occupied with a Weighted Average Lease Expiry (WALE) of 4.43 years. Based on the lease expiry profile of Exxa Tower, 87% of its leased area will expire in 2023. One the other hand, for Zeta Tower, less than 1% of the its leased area will expire in 2021 & 2022. A huge chunk of leased area (70%) however, is expiring in 2029.



Source:SKF/ RLC

2.31 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodeling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **SUBLEASE, TRANSFER OF RIGHTS**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **ASSIGNMENT OF RIGHTS/MORTGAGE/ENCUMBRANCE**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.32 West Drive is about 20 meters wide, concrete/asphalt-paved and provided with concrete curbs and gutters, and underground drainage system.

2.33 Our informal enquiries with the City Planning Office confirmed that the Property enjoys frontage along the bounding road.

Access

2.34 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the adopted highways and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.35 From our enquiries with the City Planning Office, and also due to its terrain, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.36 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.37 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.38 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

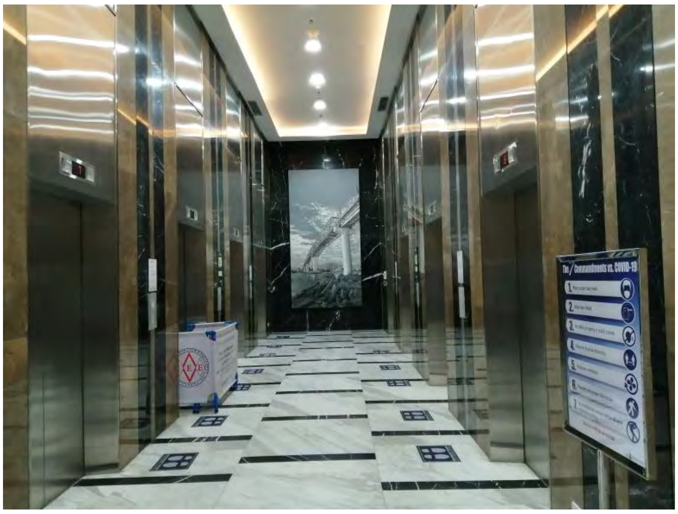
2.39 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

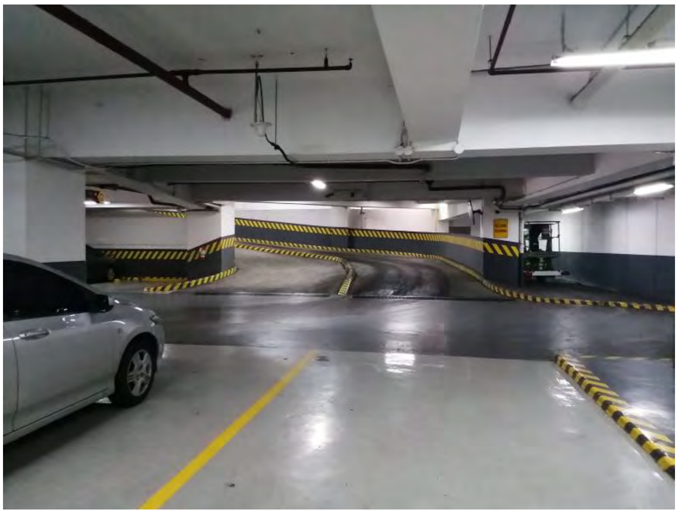
(SKF File Photos)

Exterior Views of the Property

Lobby



Hallway



Parking

Elevator Machine Room

Escalator

2.40 Other photographs of the Property are attached at Appendix **6**.

3 Market Analysis

Philippine Market Commentary

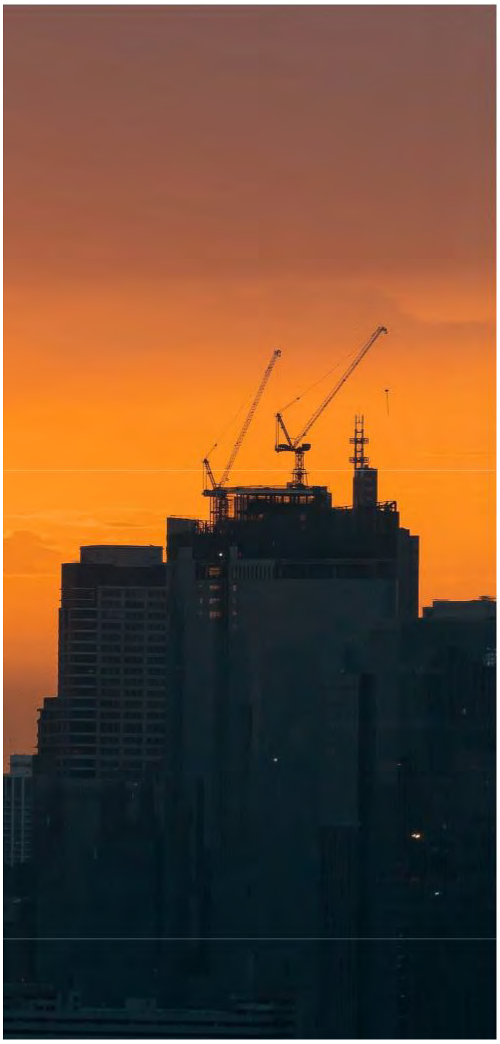
3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview



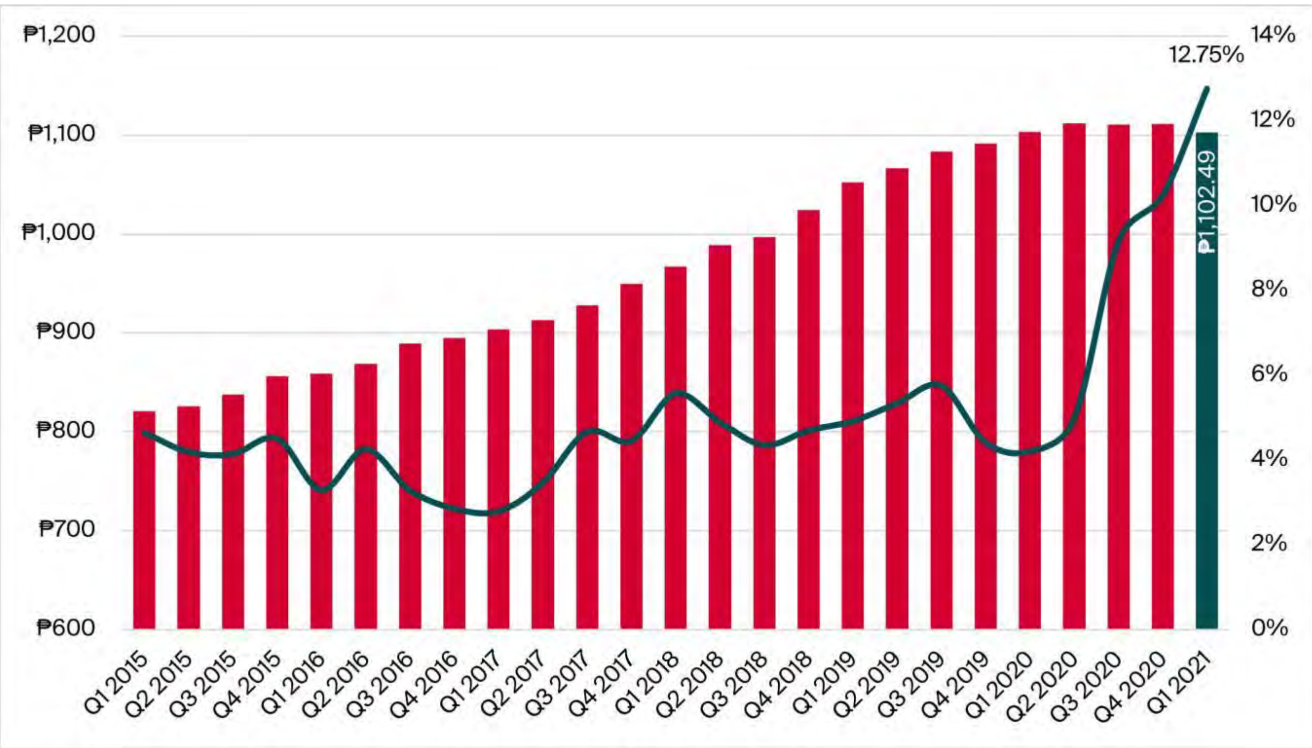
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



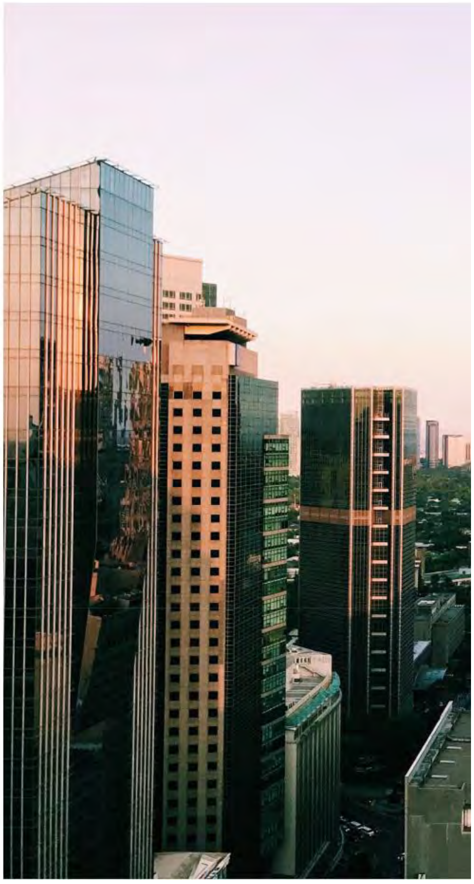
Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.



Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

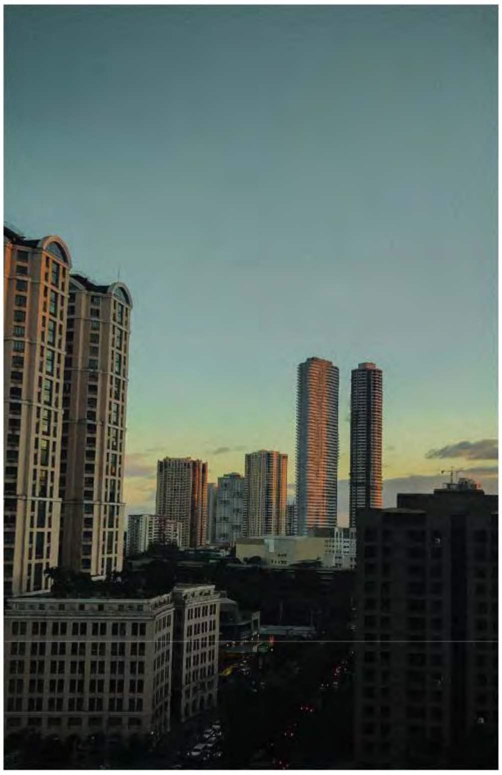
Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center



Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

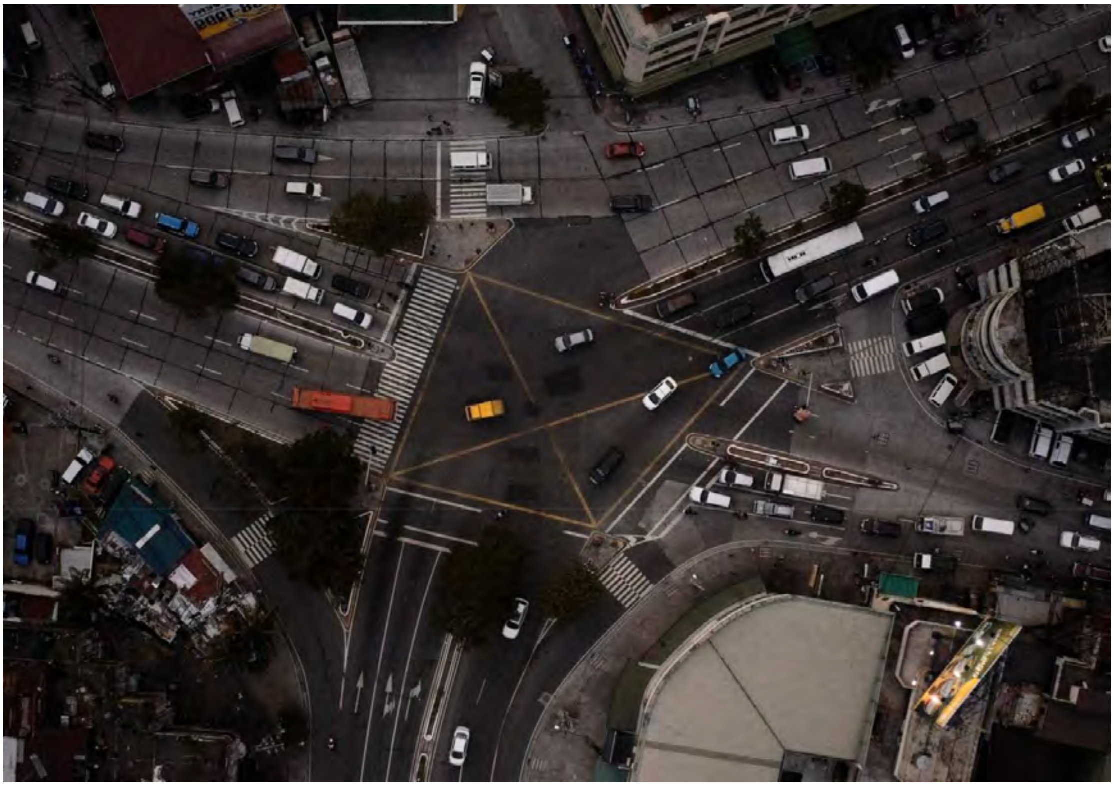
Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.



Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

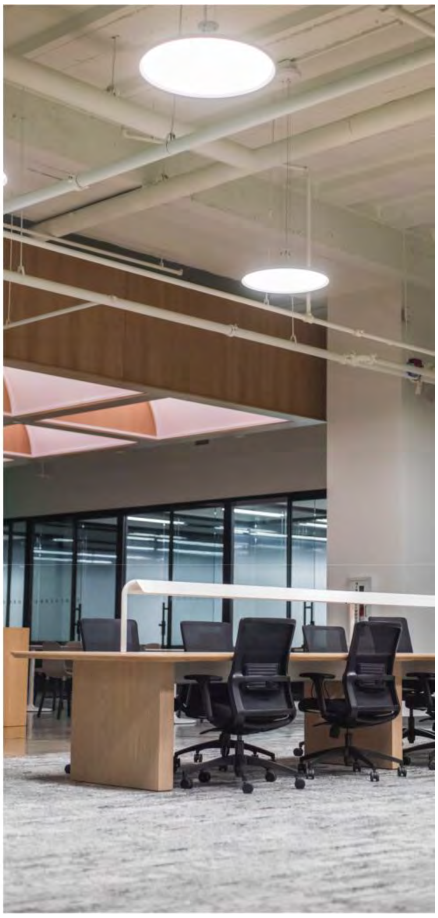
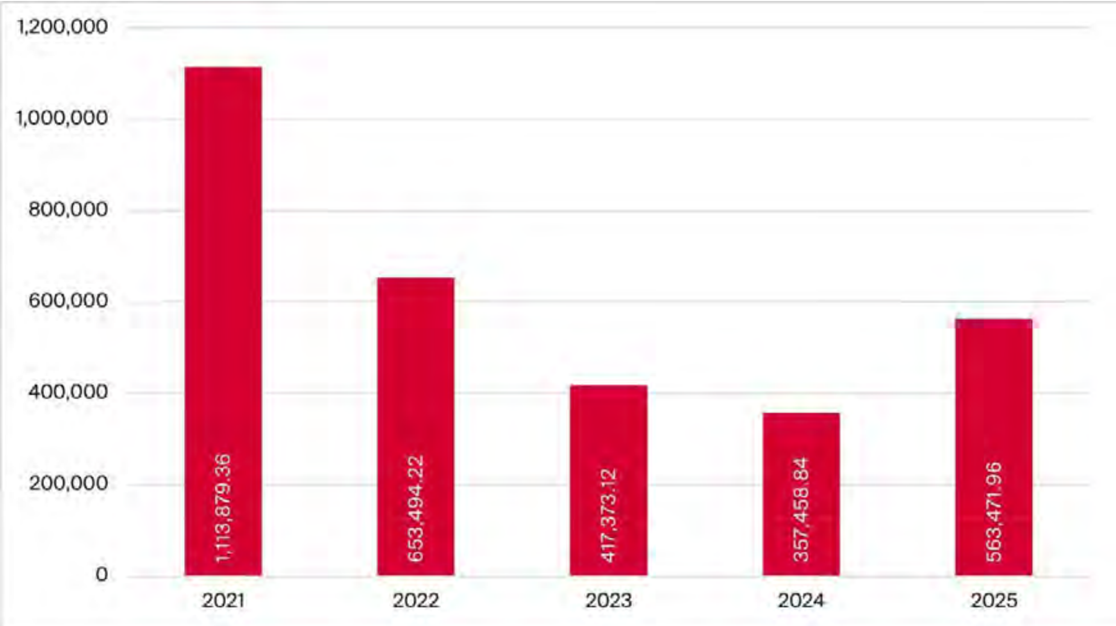


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Fair Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;

- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot having a total area of 17,690 sq.m. located along A. Rodriguez Avenue, within Barangay Rosario, Pasig City, is currently offered for sale at an asking price of PhP2,653,500,000 or an average of PhP150,000 per sq.m.
   Source: Ms. Flora Bernanro – (0961-177-6868)

2. A commercial lot having a total area of 3,699 sq.m. located along Pasig Boulevard corner Shaw Boulevard, within Barangay Bagong Ilog, Pasig City, is currently offered for sale at an asking price of PhP665,820,000 or an average of PhP180,000 per sq.m.
   Source: Bahaypinas Realty Company (Cel. No. 0917-848-1224)

3. A commercial lot having a total area of 1,150 sq.m. with an old building, located along Bonny Serrano Avenue (Santolan Road), within Barangay Socorro, Quezon City, is currently offered for sale at an asking price of PhP250,000,000 or an average of PhP217,391 per sq.m.
   Source: Richard Aguiluz (Cel. No. 09298419074)

Summary of Adjustments

The Data Comparison Grid shown on Appendix **10** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP187,000 per sq.m.**, or a total of **PhP1,273,000,000** for a land area of **6,808 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	1,273,000,000
Interest on Land Value		
PhP1,273,000,000 @ 4%	PhP	50,920,000
	Total PhP	**50,920,000 per year**
	Or PhP	**4,243,330 per month**

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP623.29 per sq. m. per month**, or a total of **PhP4,243,330 per month**, or say, **PhP50,920,000 per annum** for the subject land area of **6,808 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate 4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and

additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

4.17 For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.18 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification: Previous	Classification: Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.19 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period.

This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.20 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.21 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

EXXA - ZETA TOWER			
Lease Details			
Lot Area	:	6,808.00	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	623.29	/sq.m./ month
Annual Rent	:	50,920,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.22 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP236,000,000**.

We attach a copy of our valuation calculations at Appendix **7**.

4.23 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New (“RCN”) of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost (“DRC”). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **12** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.24 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash

flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.25 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.26 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.27 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.28 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.29 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX)as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.30 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Management & Liquidity Risk

4.31 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Resulting Discount Rate 4.32 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate 4.33 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions 4.34 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day to day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 98% while the historical average performance of the Property for the last two years is at 95%. Occupancy rate includes committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 5%. We have further assumed a vacancy allowance for the whole cashflow period to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 17% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **8**.

Direct Capitalization Method 4.33 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.34 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value 4.35 Market Value is defined in the 2019 **International Valuation Standards** as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.36 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.37 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.38 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.39 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the

Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.40 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.41 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.42 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.43 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.44 Using the **<u>Cost Approach</u>,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	**PhP236,000,000**
Building	**3,293,000,000**
Building Machinery & Equipment	**832,430,000**

	PhP4,361,430,000
	=============
	PhP4,361,000,000
	=============

4.45 The Market Value of the Property is estimated at **PhP4,361,000,000 (FOUR BILLION, THREE HUNDRED SIXTY-ONE MILLION PHILIPPINE PESOS)**.

Using Income Approach	4.46	Using the **<u>Income Approach</u>** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP11,867,000,000**
Direct Capitalization Method	**PhP13,786,000,000**

Calculation	4.47	We attach a copy of our valuation calculations for the Income Approach at Appendix **8 & 9**.
Comments	4.48	The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.
	4.49	For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.
Conclusion of Value	4.50	In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP11,867,000,000 (ELEVEN BILLION, EIGHT HUNDRED SIXTY-SEVEN MILLION PHILIPPINE PESOS)

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ………………………………..PhP11,867,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®	**JACQUELINE T. GUERTA, CPV®**
Associate Director	Director
Licensed Real Estate Appraiser	Licensed Real Estate Appraiser
PRC Reg. No. 423	PRC Reg. No. 949
Date Issued and Validity: 04/14/2011 - 12/22/2022	Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533465 – 01/05/2021; Makati City	PTR No. 8533467- 01/05/2021; Makati City
TIN 185-543-916	TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analyzed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. Client

Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. Purpose of Valuation

The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. Term & Termination

This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

01 June 2021

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:

Our Valuation of 14 Properties will be as follows:

1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
   Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Noted by:

CELIA N. ROCAMORA
Operations Director

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**
Page 3 of 4

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

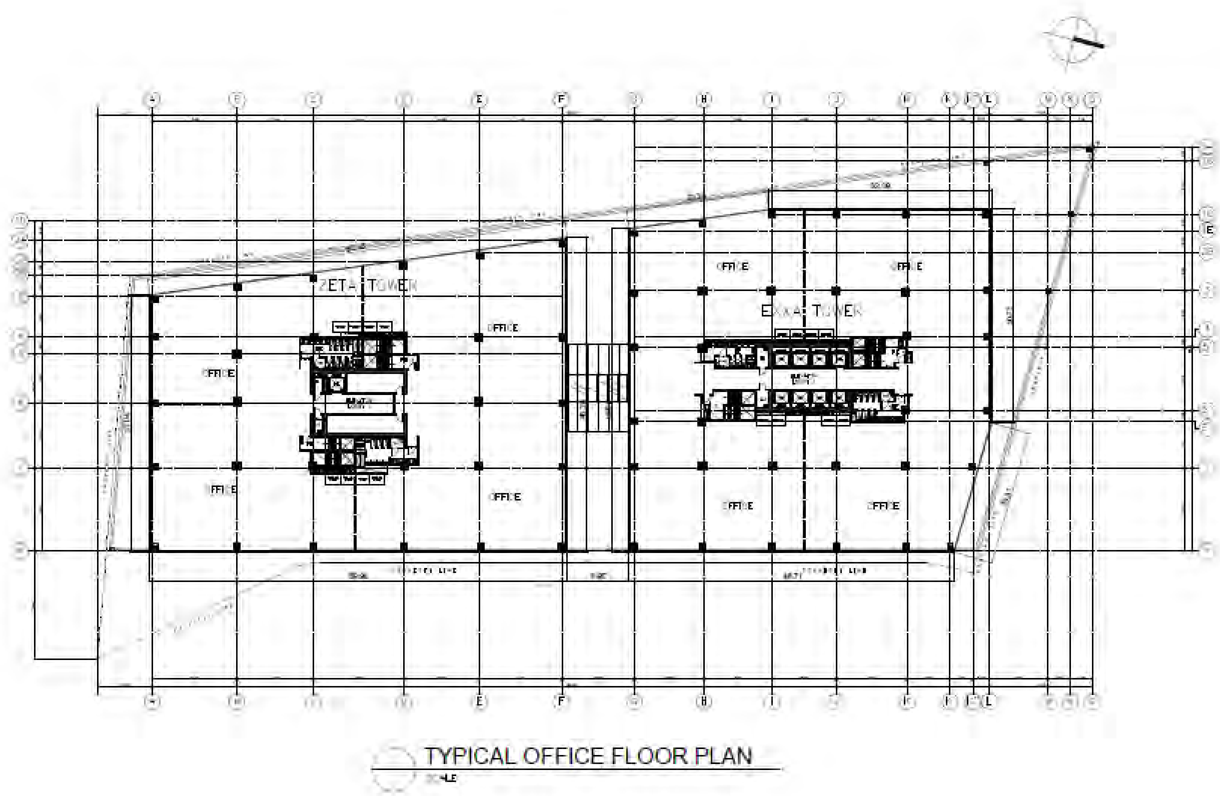
<u>**Important Notice**</u>

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

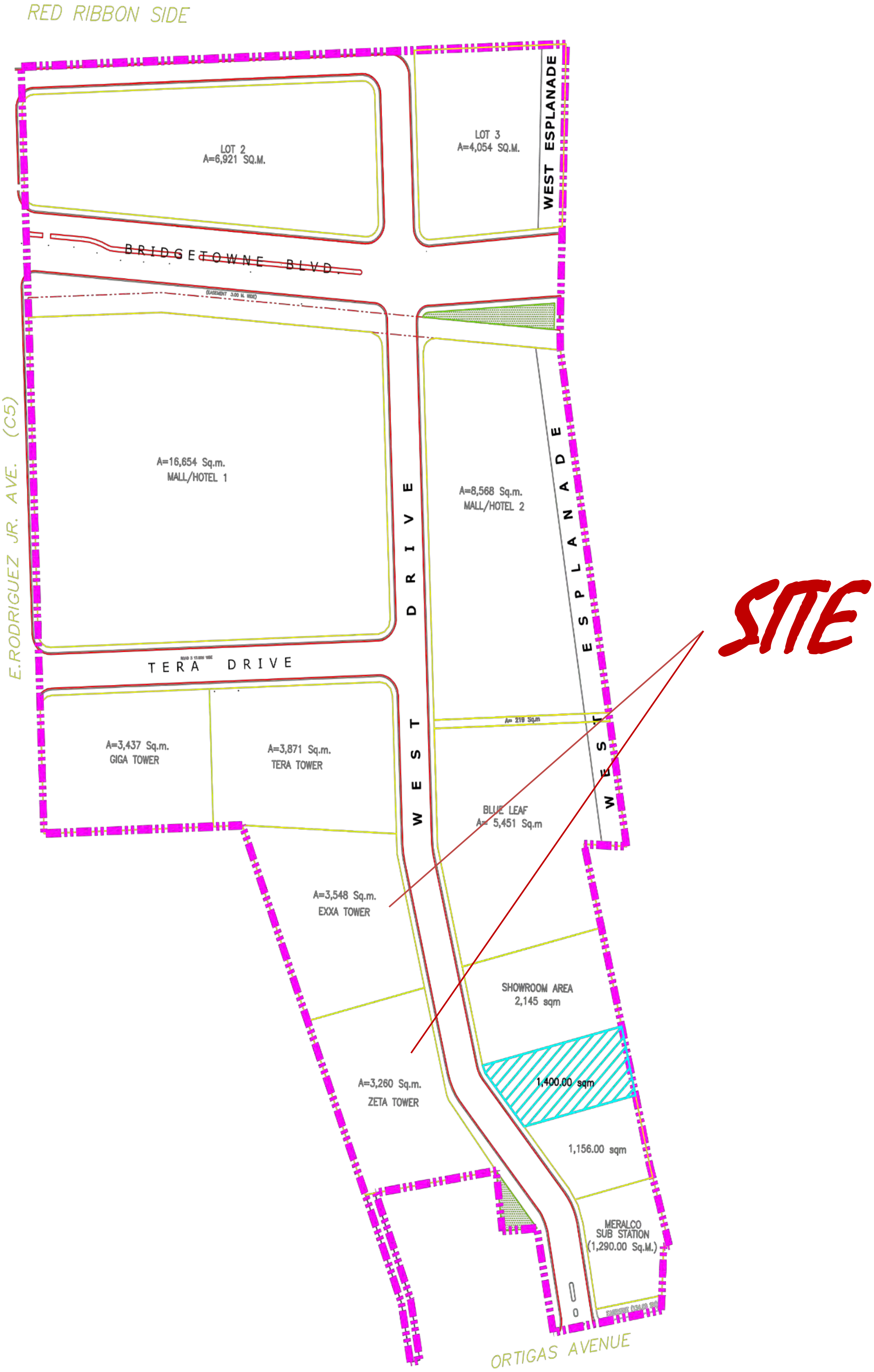
Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Typical Floor Plan



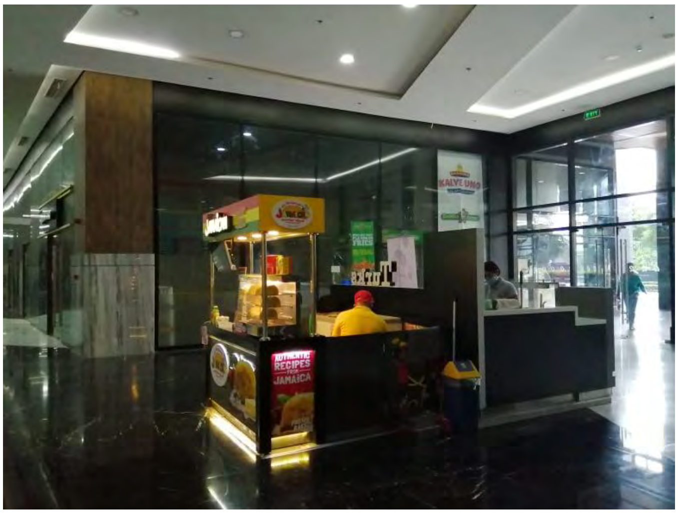
Appendix 5 - Lot Plan



Santos Knight Frank

Appendix 6 - Photographs

(SKF File Photos)

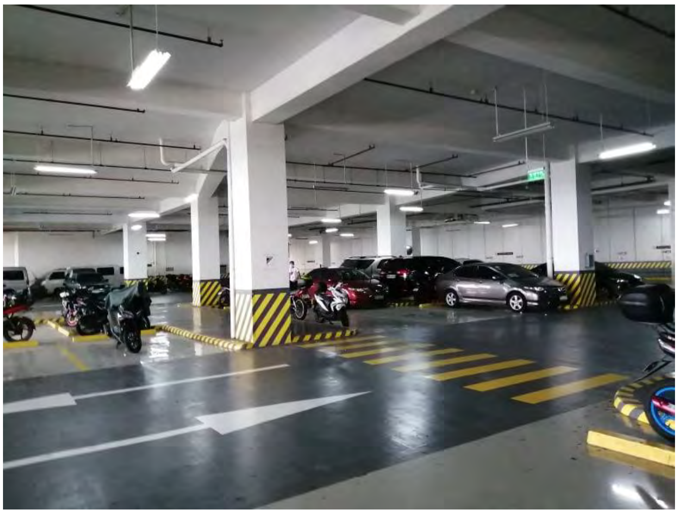
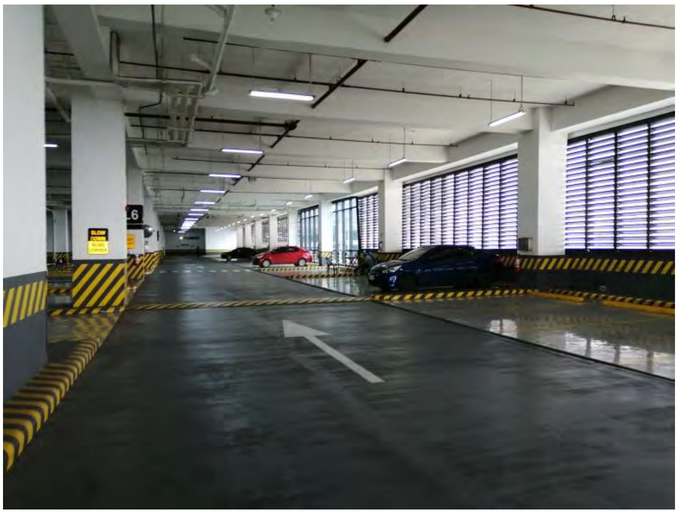


Retail Areas

Hallways for Office Area

Roof Deck

7th Floor Deck

Parking Area

BUILDING MACHINERY AND EQUIPMENT

Air Conditioning System

Centralized Air Conditioning System

Electric Generators

Primary & Secondary Chilled Water Pumps

Air Ventilation & Exhaust System

Power Transformers

Firefighting System

Water Supply System

Gondola

Appendix 7 - Leasehold Value of the Land

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	146,663,379	10,266,437	12,834,630	2,568,194	0.966	2,479,741
2	January 01, 2022	December 31, 2022	600,680,744	42,047,652	52,447,600	10,399,948	0.901	9,367,310
3	January 01, 2023	December 31, 2023	619,999,676	43,399,977	54,021,028	10,621,051	0.840	8,923,936
4	January 01, 2024	December 31, 2024	625,258,445	43,768,091	55,641,659	11,873,568	0.784	9,306,265
5	January 01, 2025	December 31, 2025	652,935,770	45,705,504	57,310,909	11,605,405	0.731	8,485,153
6	January 01, 2026	December 31, 2026	685,036,170	47,952,532	59,030,236	11,077,704	0.682	7,555,346
7	January 01, 2027	December 31, 2027	710,801,911	49,756,134	60,801,143	11,045,009	0.636	7,027,096
8	January 01, 2028	December 31, 2028	720,882,864	50,461,800	62,625,177	12,163,377	0.593	7,218,869
9	January 01, 2029	December 31, 2029	751,034,548	52,572,418	64,503,933	11,931,514	0.554	6,605,654
10	January 01, 2030	December 31, 2030	772,814,768	54,097,034	66,439,051	12,342,017	0.516	6,373,993
11	January 01, 2031	September 30, 2031	610,398,140	42,727,870	51,183,552	8,455,683	0.490	4,145,626
12	January 01, 2032	December 31, 2032	813,546,102	56,948,227	70,485,189	13,536,962		
				Total Present Value of the Rental Gains				77,488,987
				Terminal Value of Leasehold Rights on the Land at Year 11				322,308,608
						Discounted at	0.490	158,020,456
						Total Value of Leasehold		235,509,443
								===========
						ROUNDED TO, say,		236,000,000
								===========

Appendix 8 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	EXXA-ZETA TOWER
PROPERTY ADDRESS:	:	West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	74,583.74 sq.m.
Total No. of Parking Slots	:	794.00

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	287,100,945	587,857,166	607,382,917	612,461,123	639,700,096	671,502,562	697,777,665	707,900,661	737,665,594	759,217,931	391,248,438	800,621,217
Exxa	154,767,701	316,126,643	322,659,005	318,476,421	332,636,559	349,189,104	359,992,455	358,719,188	373,512,107	392,103,135	200,455,853	402,804,431
Zeta	132,333,245	271,730,523	284,723,913	293,984,701	307,063,537	322,313,458	337,785,210	349,181,473	364,153,487	367,114,795	190,792,585	397,816,786
Parking Slots	15,084,634	30,904,260	31,525,930	31,855,160	33,185,227	34,473,255	35,008,609	35,373,622	36,711,624	37,358,544	18,817,208	38,324,357
Other Areas	5,625,465	11,581,413	11,654,424	11,774,310	12,236,010	12,775,377	12,886,371	12,955,494	13,461,094	14,039,563	14,166,103	14,246,969
Exxa	4,011,905	8,256,763	8,255,246	8,329,109	8,704,208	9,089,567	9,122,375	9,159,886	9,572,398	9,996,194	10,032,275	10,073,527
Zeta	1,613,560	3,324,650	3,399,179	3,445,201	3,531,802	3,685,810	3,763,996	3,795,609	3,888,696	4,043,369	4,133,828	4,173,442
Gross Leasing Revenues	307,811,045	630,342,839	650,563,272	656,090,593	685,121,333	718,751,194	745,672,645	756,229,777	787,838,312	810,616,038	424,231,749	853,192,543
Less: Vacancy Allowance	*14,484,286*	*29,662,096*	*30,563,596*	*30,832,148*	*32,185,564*	*33,715,024*	*34,870,734*	*35,346,913*	*36,803,764*	*37,801,270*	*19,535,546*	*39,646,441*
Net Leasing Revenues	293,326,759	600,680,744	619,999,676	625,258,445	652,935,770	685,036,170	710,801,911	720,882,864	751,034,548	772,814,768	404,696,203	813,546,102
Other Income												
Management Dues	41,147,665	81,624,445	81,624,445	81,624,445	81,624,445	85,705,667	85,705,667	85,705,667	85,705,667	85,705,667	42,500,619	89,990,951
Aircon Dues	33,351,266	66,158,761	66,158,761	66,158,761	66,158,761	69,466,699	69,466,699	69,466,699	69,466,699	69,466,699	34,447,870	72,940,034
NET REVENUES	367,825,690	748,463,949	767,782,882	773,041,650	800,718,975	840,208,536	865,974,277	876,055,230	906,206,914	927,987,134	481,644,691	976,477,086
OPERATING COSTS & EXPENSES												
Contracted Services	6,433,459	13,174,573	13,598,291	13,713,630	14,320,669	15,024,719	15,589,832	15,810,935	16,472,244	16,949,944	8,876,096	17,843,294
Repairs & Maintenance	3,052,817	6,251,624	6,452,687	6,507,418	6,795,471	7,129,558	7,397,717	7,502,635	7,816,441	8,043,120	4,211,902	8,467,034
Management Fee	13,461,747	27,567,250	28,453,861	28,695,203	29,965,408	31,438,603	32,621,079	33,083,728	34,467,490	35,467,057	18,572,863	37,336,354
Loss from CUSA												
Power Charges - net	5,491,510	11,245,629	11,607,308	11,705,760	12,223,921	12,824,887	13,307,260	13,495,990	14,060,474	14,468,232	7,576,510	15,230,783
Water Charges - net	650,625	1,332,363	1,375,214	1,386,879	1,448,270	1,519,471	1,576,622	1,598,982	1,665,861	1,714,172	897,652	1,804,518
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	963,967	1,974,032	2,037,520	2,054,802	2,145,759	2,251,251	2,335,926	2,369,055	2,468,143	2,539,720	1,329,963	2,673,576
Miscellaneous Expense	514,983	1,054,594	1,088,511	1,097,744	1,146,336	1,202,694	1,247,930	1,265,628	1,318,565	1,356,803	710,511	1,428,314

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	EXXA-ZETA TOWER
PROPERTY ADDRESS:	:	West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	74,583.74 sq.m.
Total No. of Parking Slots	:	794.00

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		1,948,134	3,964,128	4,066,447	4,094,300	4,240,888	4,450,039	4,586,503	4,639,896	4,799,590	4,914,945	2,550,959	5,171,765
Taxes & Licenses		7,471,400	14,820,983	15,265,613	15,265,613	15,265,613	15,265,613	15,723,581	15,723,581	15,723,581	15,723,581	8,031,088	16,195,288
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	
Commission Expense		3,707	64,274	5,240,526	1,282,480	8,601	80,722	5,898,102	1,487,158	4,248,888	91,003	3,291,141	1,683,438
Insurance Expense		1,914,727	3,896,151	3,996,716	4,024,091	4,168,166	4,373,730	4,507,854	4,560,331	4,717,286	4,830,664	2,507,215	5,083,080
Communication		20,324	41,355	42,423	42,713	44,243	46,425	47,848	48,405	50,071	51,275	26,613	53,954
Rent Expense		10,266,437	42,047,652	43,399,977	43,768,091	45,705,504	47,952,532	49,756,134	50,461,800	52,572,418	54,097,034	28,328,734	56,948,227
Supplies Expense		309,407	629,591	645,842	650,265	673,547	706,765	728,438	736,918	762,281	780,602	405,149	821,391
Travel & Transportation		2,711	5,516	5,659	5,698	5,902	6,193	6,382	6,457	6,679	6,840	3,550	7,197
Representation & Entertainment		18,233	37,100	38,058	38,319	39,691	41,648	42,925	43,425	44,920	45,999	23,875	48,403
TOTAL COSTS & EXPENSES		52,524,186	128,106,817	137,314,653	134,333,005	138,197,987	144,314,848	155,374,134	152,834,925	161,194,932	161,080,990	87,343,821	170,796,614
NET OPERATING INCOME		315,301,504	620,357,133	630,468,229	638,708,645	662,520,988	695,893,687	710,600,143	723,220,305	745,011,982	766,906,145	394,300,871	805,680,472
CAPEX	1.50%	-	-	9,299,995	9,378,877	9,794,037	10,275,543	10,662,029	10,813,243	11,265,518	11,592,222	6,070,443	12,203,192
NOI after CAPEX		315,301,504	620,357,133	621,168,233	629,329,769	652,726,952	685,618,145	699,938,114	712,407,062	733,746,464	755,313,923	388,230,427	793,477,281
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		301,897,131	544,939,421	500,598,087	465,298,578	442,749,926	426,660,813	399,607,471	373,143,322	352,587,557	332,982,916	163,992,728	307,498,512
Total Present Worth of Cashflows		4,304,457,950											
Terminal Value of Property at 11Y	4.5%	17,904,010,494											
Discounted at	0.42	7,562,847,520											

TOTAL PROPERTY VALUE	11,867,305,470
Rounded to, say	11,867,000,000

Appendix 9 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	**EXXA-ZETA TOWER**
PROPERTY ADDRESS:	:	West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	74,583.74 sq.m.
Total No. of Parking Slots	:	794.00

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	587,857,166
Exxa	316,126,643
Zeta	271,730,523
Parking Slots	30,904,260
Exxa	30,515,038
Zeta	389,222
Other Areas	11,581,413
Exxa	8,256,763
Zeta	3,324,650
Gross Leasing Revenues	630,342,839
Less: Vacancy Allowance	29,662,096
Net Leasing Revenues	600,680,744
Management Dues	81,624,445
Aircon Dues	66,158,761
NET REVENUES	748,463,949
OPERATING COSTS & EXPENSES	
Contracted Services	13,174,573
Repairs & Maintenance	6,251,624
Management Fee	27,567,250
Loss from CUSA	-
Power Charges - net	11,245,629
Water Charges - net	1,332,363
Aircon Dues (Expense)	-
Others	1,974,032
Miscellaneous Expense	1,054,594
General and Administrative Expense	-
Salaries & Wages	3,964,128
Taxes & Licenses	14,820,983
Advertising & Promotions Expense	-
Commission Expense	64,274
Insurance Expense	3,896,151
Communication	41,355
Rent Expense	42,047,652
Supplies Expense	629,591
Travel & Transportation	5,516
Representation & Entertainment	37,100
TOTAL COSTS & EXPENSES	128,106,817
NET OPERATING INCOME	620,357,133
Capitlization Rate	4.5%

TOTAL PROPERTY VALUE	**13,785,714,065**
Rounded to, say	**13,786,000,000**

Appendix 10 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	West Drive, Bridgetowne, Barangay Ugong Norte, Quezon City	Amang Rodriguez Avenue, within Barangay Rosario, Pasig City		Pasig Boulevard corner Shaw Boulevard within Barangay Bagong Ilog, Pasig City		Bonny Serrano Avenue (Santolan Road) within Barangay Socorro, Quezon Cityy	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		2,653,500,000.00		665,820,000.00		250,000,000.00	
Size (sq. m.) - Total Area	6,808.00	17,690.00		3,699.00		1,150.00	
Price Per sq.m. (Unadjusted)		PHP 150,000.00		PHP 180,000.00		PHP 217,391.30	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			150,000.00		180,000.00		217,391.30
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-10%	Allowance	-10%
Adjusted Price			135,000.00		162,000.00		195,652.17
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			135,000.00		162,000.00		195,652.17
PHYSICAL ADJUSTMENTS							
Location	West Drive, Bridgetowne, Barangay Ugong Norte, Quezon City	Amang Rodriguez Avenue, within Barangay Rosario, Pasig City		Pasig Boulevard corner Shaw Boulevard within Barangay Bagong Ilog, Pasig City		Bonny Serrano Avenue (Santolan Road) within Barangay Socorro, Quezon Cityy	
Comparison/Adjustment		inferior	20%	inferior	15%	inferior	15%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Average Size of Lot	3,404.00	17,690.00		3,699.00		1,150.00	
Comparison/Adjustment		inferior	20%	equal	0%	superior	-5%
Shape	rectangular	regular		regular		regular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary road	main road		main road (corner lot)		main road	
Comparison/Adjustment		superior	-5%	superior	-10%	superior	-5%
Zoning	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			45%		25%		25%
Total Net Adjustments			35%		5%		5%
Final Adjusted Price (Net Adjustment Basis)		182,250.00		170,100.00		205,434.78	
Weight		17.00%		41.50%		41.50%	
Weight Equivalent		30,982.50		70,591.50		85,255.43	
Value per sqm		186,829.43					
ROUNDED TO		187,000.00 per sq.m.					
Total Area		6,808.00 sq.m.					
MARKET VALUE		1,273,000,000					

Appendix 11 - Schedule of Assets

BUILDING	
Description	Market Value (PhP)

Exxa - Zeta Tower -

As seen during our inspection for the previous valuation done, this is a twin tower connected by podium levels. Each tower is twenty (20) storeys high, reinforced concrete-framed and with one (1) basement level, mezzanine and a roof deck. The ground floor is being utilized as lobby and for retail purposes. The second up to the fifth floor, as well as the basement level, are used as parking areas with some offices and equipment rooms while the rest of the upper floors are used as offices. Some equipment rooms, meanwhile, can also be found at the roof deck.

Exxa-Zeta Tower is a Silver LEED (Leadership in Energy and Environment Design) certified building.

Some of the energy efficient and environment-friendly features of the building include double glazed glass windows that allow natural light into the building while blocking out noise and heat; LED lighting for common areas; water recycling for plant irrigation; column-free office spaces; disabled-friendly ramps; and garden. Other construction features include partly granite tiles and plastered cement finish precast concrete exterior walls and mainly double glazed glass curtain walls; concrete slab roofing with waterproofing membrane; mainly granite tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on parking areas; mainly granite tiles finish concrete partitions in lobbies; mainly gypsum board and fiber cement board ceiling in common areas; and frameless glass main entrance doors.

The office units during handover to the tenants reportedly have plain cement finish concrete flooring, acoustic board on aluminum T-runner ceiling (uninstalled) and electrical lighting facilities. The retail units, meanwhile, have plain cement finish concrete flooring, open ceiling and electrical lighting facilities upon turnover to the tenants. All interior works done on the leased areas were reportedly shouldered by the tenants and were, therefore, excluded in this report.

The towers are painted and provided with electrical lighting and plumbing facilities, and 2 concrete cisterns for each tower at the basement with a capacity of about 60,000 gallons each for Exxa Tower and 45,000 gallons each for Zeta Tower. It is also provided with building machinery and equipment such as elevators and air conditioning system, among others, described and valued in the succeeding sections of this report.

Based on information provided to us by the client, total gross floor area of the building is approximately 108,887.87 sq. m.

Reportedly, construction of Exxa Tower was completed in March 2018 while Zeta Tower was in November 2018.

3,293,000,000

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BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators & Escalators	
Exxa Tower	
5-Passenger Elevators- Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 21 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	85,715,000
Service Elevator- Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 22 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	16,487,000
2-Escalators- Mitsubishi Electric, 1200 mm. width, driven by 11 kw electric gear motor, 3-phase, 60 hz., complete with mechanical and electrical installation and other standard accessories	3,391,000
Zeta Tower	
5-Passenger Elevators- Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 21 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	85,715,000
Service Elevator- Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 22 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	16,487,000
2-Escalators- Mitsubishi Electric, 1200 mm. width, driven by 11 kw electric gear motor, 3-phase, 60 hz., complete with mechanical and electrical installation and other standard accessories	6,781,000
Commercial	

2-Service Elevators-

Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 7 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	10,492,000

Service Elevator-

Mitsubishi Electric, 1,600 kgs., 24 persons capacity, 2 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	1,499,000

Total for Elevators & Escalators -	**226,567,000**

<u>Air Conditioning and Ventilating System</u>

Lot-Air Conditioning System-
Mitsubishi Electric Citi Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprsing of:
<u>Exxa Tower</u>
5-ACCU Outdoor Units(7F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(8F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(9F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
5-ACCU Outdoor Units(10F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(11F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -

Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(12F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(14F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(15F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(16F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(17F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(18F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(19F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -

Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(20F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
3-ACCU Outdoor Units(21F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
28-Fan Coil Units(7th Floor) -
Cassette type, 2.5 TR cooling capacity
22-Fan Coil Units -
Ceiling concealed type, 2.5 TR cooling capacity
4-Fan Coil Units -
PCU type, 6.4 TR cooling capacity
364-Fan Coil Units(8th to 21st Floor) -
Cassette type, 2.5 TR cooling capacity
286-Fan Coil Units -
Ceiling concealed type, 2.5 TR cooling capacity
52-Fan Coil Units -
PCU type, 6.4 TR cooling capacity
<u>Zeta Tower</u>
2-ACCU Outdoor Units(7F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
4-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(8F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(9F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity

2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(10F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(11F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(12F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(14F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(15F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(16F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(17F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity

2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(18F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(19F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(20F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
1-ACCU Outdoor Unit(21F Q1 to Q4) -
Model PUCY-P450YKA, 13.65 TR cooling capacity
6-ACCU Outdoor Units -
Model PUCY-P400YKA, 12.5 TR cooling capacity
3-ACCU Outdoor Units -
Model PUCY-P350YKA, 11.375 TR cooling capacity
2-ACCU Outdoor Units -
Model PUCY-P300YKA, 9.5 TR cooling capacity
28-Fan Coil Units(7th Floor) -
Cassette type, 2.5 TR cooling capacity
22-Fan Coil Units -
Ceiling concealed type, 2.5 TR cooling capacity
4-Fan Coil Units -
PCU type, 6.4 TR cooling capacity
364-Fan Coil Units(8th to 21st Floor) -
Cassette type, 2.5 TR cooling capacity
286-Fan Coil Units -
Ceiling concealed type, 2.5 TR cooling capacity
52-Fan Coil Units -
PCU type, 6.4 TR cooling capacity
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories 287,989,000

Lot-Centralized Air Conditioning and Ventilating System-
Smardt, 450 tons total refrigeration capacity, consisting of:
4-Air Cooled Chillers -
Smardt Chillers Pty Ltd., Australia,, Model AD040.1ED08.F4AKDA.A006AA.E10, Serial Nos.QJB447, QJB448 QJB449 and QJB450 113 tons of refrigeration capacity, complete with refrigerant compressors, drive motors, controls and other accessories

4-Primary Water Pumps -
Centrifugal type, driven by 5.5 kw electric motor, mounted on concrete foundation
5-Primary Water Pumps -
Centrifugal type, driven by 11 kw electric motor, mounted on concrete foundation
Note: 1 unit spare
Air Handling Unit (AHU 3) -
Trane, horizontal cabinet vertical discharge draw type, 50 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 1.1) -
Trane, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 1.2) -
Trane, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 1A.1) -
Trane, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 1A.2) -
Trane, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 2.1) -
Trane, horizontal cabinet vertical discharge draw type, 40 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Air Handling Unit (AHU 2.2) -
Trane, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, complete with fan blower and belt driven electric motor
Lot-Fan Coil Units -
Asorted type of ceiling and wall mounted, ducted type, range from 2 TR to 7.5 TR capacity, complete with standard accessories
Lot-Air Ventilation and Exhaust System-
Consisting of:
12-Jet Fans-
Trigger, jet type, 50 ppm capacity driven by 320 watts motor
Note: Located at Basement Parking
11-Jet Fans-
Trigger, jet type, 50 ppm capacity driven by 320 watts motor
Note: Located at Level 3 Parking
11-Jet Fans-
Trigger, jet type, 50 ppm capacity driven by 320 watts motor
Note: Located at Level 4 Parking
11-Jet Fans-
Trigger, jet type, 50 ppm capacity driven by 320 watts motor
Note: Located at Level 5 Parking
11-Jet Fans-
Trigger, jet type, 50 ppm capacity driven by 320 watts motor
Note: Located at Level 6 Parking
Exxa Tower

4-Fresh Air Fans-
Niagara, 1681 cmh capacity complete with electric drive motor
2-Exhaust Fans-
Niagara, 1700 cmh capacity complete with electric drive motor
2-Exhaust Fans-
Niagara, 85 cmh capacity complete with electric drive motor
Smoke Evacuation Fan-
Niagara, 1870 cmh capacity complete with electric drive motor
3-Pressurization Evacuation Fans-
Niagara, 1214 cmh capacity complete with electric drive motor
Zeta Tower
4-Fresh Air Fans-
Niagara, 1681 cmh capacity complete with electric drive motor
2-Exhaust Fans-
Niagara, 1700 cmh capacity complete with electric drive motor
2-Exhaust Fans-
Niagara, 85 cmh capacity complete with electric drive motor
Smoke Evacuation Fan-
Niagara, 1870 cmh capacity complete with electric drive motor
3-Pressurization Evacuation Fans-
Niagara, 1214 cmh capacity complete with electric drive motor
Commercial
6-Fresh Air Fans(FAF 2.1 to 2.4, FAF 3 & 4)-
Niagara, 1681 cmh capacity complete with electric drive motor
2-Exhaust Fans-
Centrifugal DWDI backward curve type, driven by 11.2 kw electric motor
5-Exhaust Fans-
Compact axial type, driven by .04/.57 kw electric motor
28-Exhaust Fans-
Wall mounted type, driven by .75 kw electric motor
Note: Installed at various locations
System complete with ductings installations, electrical and controls system and other standard accessories 29,358,000

Total for Air Conditioning and Ventilating System - 317,347,000

Lot-Building Management System-
Consisting of:
2-CPU (Air Conditioning System / Elevators)-
HP, Core i7, 16 GB ram with keyboard and mouse
2-LCD Monitors-
LG
2-UPS-
Vertiv Iton, PSA-600BX
System complete with electrical wiring installations and other standard accessories **16,012,000**

Lot-Standby Power Supply and Electrical Power Distribution System-
System consisting of:
Exxa Tower
2-Stand-by AC Electric Generating Set-

Leroy Somer / Mitsubishi Heavy Industries, 11/2016 Date Mfd., 1775 kva (1420 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with fuel day tank, battery, controls and other standard accessories, steel skid base mounted on concrete foundation
2-Stand-by AC Electric Generating Set-
Leroy Somer / Mitsubishi Heavy Industries, 11/2016 Date Mfd., 1581 kva (1265 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with fuel day tank, battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories
2-Power Transformers-
ABB, 2 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Vacuum Fault Interrupter-
Metal clad casement, 2 swing-out door panels
Low Voltage Switchgear-
Metal clad casement, free standing with 11 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch, capacitor banks and standard accessories
Zeta Tower
2-Stand-by Generating Set-
Leroy Somer / Mitsubishi Heavy Industries, 11/2016 Date Mfd., 1775 kva (1420 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with fuel day tank, battery, controls and other standard accessories, steel skid base mounted on concrete foundation
2-Stand-byAC Electric Generating Set-
Leroy Somer / Mitsubishi Heavy Industries, 11/2016 Date Mfd., 1581 kva (1265 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with fuel day tank, battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories
2-Power Transformers-
ABB, 2 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Vacuum Fault Interrupter-

Metal clad casement, 2 swing-out door panels
Low Voltage Switchgear-
Metal clad casement, free standing with 11 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch, capacitor banks and standard accessories
Commercial
2-Stand-by Generating Set-
Leroy Somer / Mitsubishi Heavy Industries, 11/2016 Date Mfd., 1581 kva (1265 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
16 Cylinder Diesel Engine-
Mitsubishi, turbo-charged, direct injection, water cooled, complete with fuel day tank, battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories
2-Power Transformers-
Cooper, 2.5 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Vacuum Fault Interrupter-
Cooper, metal clad casement, 2 swing-out door panels
Low Voltage Switchgear-
Metal clad casement, free standing with 5 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch, capacitor banks and standard accessories
2-Underground Fuel Storage Tanks-
Mild steel plate of welded construction, 25,000 liters capacity
Note: Located at Basement
4-Fuel Pumps-
Rotary gear type, driven by 4.1 kw electric motor
Note: Located at Basement
System complete with main distribution panels, auxiliary dry type transformers, electrical wiring installations, piping connections, contactors, relays and other standard accessories **217,805,000**

Lot-Water Supply and Sewerage System-
Consisting of:
Exxa Tower
2-Water Storage Tanks-
FRP material, 10,000 gallons capacity, 5 m x 3 m x 3 m overall dimension
Note: Located at Roof Deck
2-Booster Pumps-
Centrifugal type, driven by 5.6 kw electric motor
Note: Located at Roof Deck
Zeta Tower
2-Water Storage Tanks-
FRP material, 10,000 gallons capacity, 5 m x 3 m x 3 m overall dimension
Note: Located at Roof Deck
2-Booster Pumps-

Centrifugal type, driven by 5.6 kw electric motor
Note: Located at Roof Deck
Pump Room
4-Transfer Pumps(Exxa & Zeta)-
Centrifugal type, driven by 37.3 kw electric motor
2-Constant Pressure Pumps(Potable)-
Centrifugal type, driven by 11.2 kw electric motor. equipped with;
Pressure Tank-
Mild steel construction, 220 gallons capacity
2-Constant Pressure Pumps(Non-Potable)-
Centrifugal type, driven by 11.2 kw electric motor. equipped with;
Pressure Tank-
Mild steel construction, 220 gallons capacity
2-Constant Pressure Pumps(Commercial)-
Centrifugal type, driven by 11.2 kw electric motor. equipped with;
Pressure Tank-
Mild steel construction, 220 gallons capacity
2-Booster Pumps(Rain Water)-
Centrifugal type, driven by 5.6 kw electric motor
4-Elevator Pit Pumps-
Submersible type, driven by .75 kw electric motor
4-Drainage Sump Pumps-
Submersible type, driven by 11.2 kw electric motor
System complete with piping connections, valves and fittings, controls and other standard accessories **10,253,000**

Lot-Automatic Fire Fighting, Fire Protection and Alarm System-
Consisting of:
Fire Pump-
Pentair Fairbanks Nuhuis, vertical turbine type, 750 gpm capacity, driven by 111.9 kw electric motor
Fire Pump-
Pentair Fairbanks Nuhuis, vertical turbine type, 750 gpm capacity, driven by 4 Cylinder Clarke Diesel Engine, 175 hp
Jockey Pump-
Submersible type, driven by 7.5 kw electric motor
2-Fire Pump Controllers-
Eaton
Jockey Pump Controller-
Eaton
56-Fire Hose Cabinets-
Aluminum frame with glass panel door, wall mounted, complete with fire hose, nozzle and 10 lbs dry chemical type fire extinguisher
System complete with automatic sprinkler heads, 2 FDAS, fire extinguishers, smoke and heat detectors, fire alarm bells, burglar alarm, piping connections, valves, fittings, and other standard accessories
Note: Installed in various locations. **18,221,000**

Lot-Sewage Treatment Plant -
Design at 400 cubic meters per day capacity and approximately at an average of 200 cubic meters per day effluent working capacity, complete with 2-18.65 kw air blowers, 2-3.73 kw transfer pumps, 2-3.73 kw discharge pumps, exhaust/intake fans, carbon filters, air diffusers, valves, fittings, piping installations, equalization tank, sbr **11,040,000**

basin, chlorine contact chamber, surge digester, final tank, controls and other standard accessories

Lot-CCTV Security Monitoring System-
Consisting of:
64-CCTV Cameras (Exxa)-
Fix dome type
64-CCTV Cameras (Zeta)-
Fix dome type
48-CCTV Cameras (Commercial)-
Fix dome type
12-LCD Monitors-
Samsung, 32" screen size
12-NVR-
Dimax, Ultra HD NVR
3-Switches-
Gigabit
7-UPS-
AWD
2-AVR-
Volt Plus, 1000A
2-AVR-
Volt Plus, 500A
System complete with controller, electrical and wiring installations, controls and other standard accessories **6,763,000**

<u>**Others**</u>

2 - Walk-thru Thermal Scanners -	390,000
Escalator Handrail Sterilizer (Exxa)-	90,000
Walkthrough Metal Detector (Exxa & Zeta)-	382,000
2-Seismic Accelorographs- IMV Corp., wall mounted, digital display	2,945,000
2-Gondolas (Exxa & Zeta)- MHE Demag, 2015 year model, 200 kgs capacity, complete with cage, winch, weights, drive motor and other standard accessories	4,431,000
4-Parking Boom Barriers- 2 folds, approx 6 meters long tubular barrier	184,000

Total for Others -	**8,422,000**

Total for Building Machinery & Equipment -	**832,430,000**
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PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Summit Center –
Ayala Avenue, Salcedo Village
Makati City, Metropolitan Manila
Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Ayala Avenue, Salcedo Village, Barangay Bel-air, Makati City, Metropolitan Manila, Philippines.		
Description	The Property comprises thirty (30) office condominium units and one (1) retail unit, located at various levels of Robinsons Summit Center, a PEZA registered, Grade A office building located at the northeast side of Ayala Avenue, about 70 meters northwest from the intersection of Ayala Avenue and Paseo de Roxas and some 1.20 kilometers northwest from Epifanio delos Santos Avenue. The valuation also covers 301 appurtenant parking slots. There is only one (1) unit of Robinsons Summit Center that is not owned by RLC and is not covered by this valuation.		
Floor Area	36,642.18 sq.m	**Gross Leasable Area**	31,394.16 sq.m.
Occupancy	99%	**WALE**	2.77 years
Ave. Lease Rate	PhP1,423/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Office and Retail Condominium Units and Parking Slots - Freehold		
MARKET VALUE (Income Approach)	**PhP11,476,000,000** **ELEVEN BILLION, FOUR HUNDRED SEVENTY-SIX MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Ronald Ray S. Lachica
Appraiser

SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Market and Income Approaches of that certain Property consisting of thirty (30) office condominium units, one (1) retail unit, and three hundred one (301) appurtenant parking slots, situated at various levels of **Robinsons Summit Center, Ayala Avenue, Salcedo Village, Barangay Bel-air, Makati City, Metropolitan Manila,**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.

Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Ronald S. Lachica**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations 1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided 1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- details of subject units and parking slots
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value.**

Market Value (MV) 1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Definition of Condominium

1.23 Under Section 2 of Republic Act No. 4726 or the Condominium Act, Condominium is defined as:

> "A Condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building or in an industrial estate and an undivided interest in common, directly and indirectly, in the land, or the appurtenant interest of their respective units in the common areas."

Briefly stated, it is a form of ownership less than the whole. Each co-owner enjoys absolute ownership in his separate unit and owns jointly, in direct proportion to his holdings, the common areas designated in the Property.

Valuation date

1.24 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property consists of thirty (30) office condominium units, one (1) retail unit, and three hundred one (301) parking slots, located at various levels of Robinsons Summit Center, a thirty-seven (37)-storey office building with helipad and four (4)-level basement located along the northeast side of Ayala Avenue extending northeastward to the service road of Valero Street, near corner of Paseo de Roxas, within Makati Central Business District (CBD), Salcedo Village, Makati City, Metropolitan Manila, Philippines.

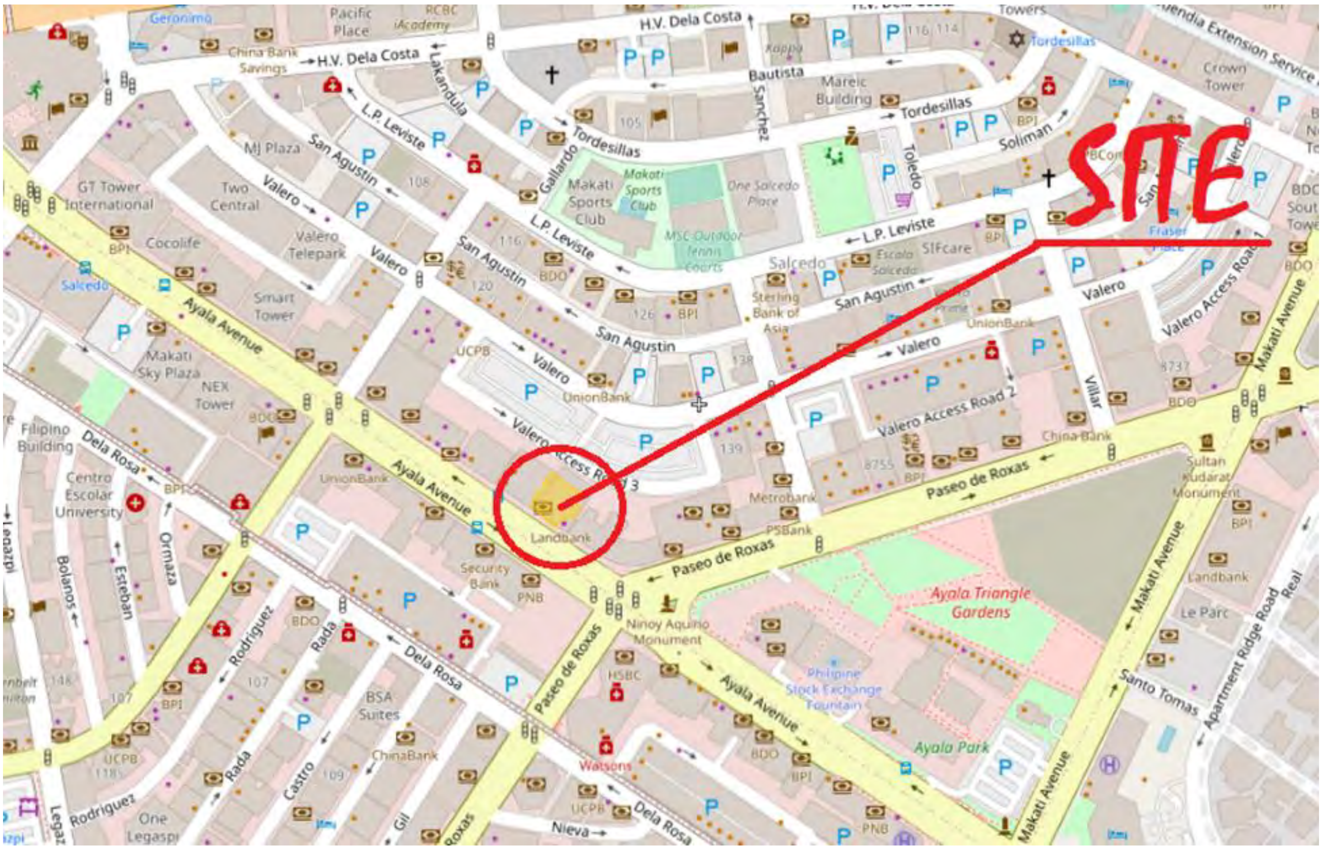
The site is between Insular Life Building and KPMG Center and just across Security Bank Building, VGP Center and BPI Head Office Building, about 70 meters northwest from the corner of Ayala Avenue and Paseo De Roxas, some 550 meters southeast from RCBC Plaza, and about 1.2 kilometers northwest from Epifanio Delos Santos Avenue (EDSA).

Ayala Avenue is the main thoroughfare in the central business district. It is about 50 meters wide, concrete/asphalt-paved and provided with concrete curbs and gutters, underground drainage system, cemented sidewalks and a center island.

Below is a satellite image of the district courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the building.



Neighborhood 2.3 The Property is situated within the Makati Central Business District (CBD), characterized by predominantly medium and high-rise office buildings and some residential condominium developments. It is likewise relatively near the Ayala Center which is home to retail destinations such as Glorietta, Greenbelt, Landmark and SM Makati. The Ayala Center also boasts of having the most number of deluxe hotels in the country – Shangri-la Makati, Dusit Thani Manila, Ascot Hotel, Holiday Inn, New World Hotel, and Fairmont Makati Hotel.

Generally, the streets in the neighbourhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are asphalted, with widths ranging from 15 to 40 meters and lighted with mercury arc lamps.

Some of the notable high-rise developments in the area include "Philamlife Tower", "Antel Platinum Tower", "Citibank Tower", "Equitable Bank Tower", "GT Tower", "PBCom Tower" and several others. Not far from the Property is the Zuellig Building - the first LEED Gold Pre-certified Office Building in the country located at the corner of Makati Avenue and Paseo de Roxas.

Accessibility 2.4 The Property fronts Ayala Avenue, a main thoroughfare providing excellent access to other major sections of the metropolis. It connects to EDSA on the southeast and to Sen. Gil Puyat Avenue on the northwest, both main thoroughfares.

Public transport like buses, jeepneys, and taxicabs are available throughout the day along Ayala Avenue.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Legal Title

Unit Details 2.5 Based on documents provided to us by the Client, the Property consists of thirty (30) office condominium units, with a total floor area of **36,007.44 sq. m.**, one (1) retail condominium unit with an area of **634.74 sq.m.** and three hundred one (301) appurtenant parking slots, tabulated as under:

Condominium Units

CCT No.	Floor	Level/Unit	Floor Area (sq.m.)
006-2021001999	GF	Unit No. 2	634.74
006-2021002000	7	7F	1,196.63
006-2021002001	8	8F	1,198.42
006-2021002002	9	9F	1,182.17
006-2021002003	10	10F	1,204.42
006-2021002004	11	11F	1,204.42
006-2021002005	12	12F	1,204.42
006-2021002006	14	14F	1,204.42
006-2021002007	15	15F	1,204.42
006-2021002008	16	16F	1,204.42
006-2021002009	17	17F	1,204.42
006-2021002010	18	18F	1,204.42
006-2021002011	19	19F	1,204.42
006-2021002012	20	20F	1,204.42
006-2021002013	21	21F	1,204.42
006-2021002014	22	22F	1,204.42
006-2021002015	23	23F	1,204.42
006-2021002016	24	24F	1,204.42
006-2021002017	25	25F	1,204.42
006-2021002018	26	26F	1,204.42
006-2021002019	27	27F	1,204.42
006-2021002020	28	28F	1,204.42
006-2021002021	29	29F	1,204.42
006-2021002022	30	30F	1,204.42
006-2021002023	31	31F	1,204.42
006-2021002024	32	32F	1,204.42
006-2021002025	33	33F	1,204.42
006-2021002026	34	34F	1,204.42
006-2021002027	35	35F	1,204.42
006-2021002028	36	36F	1,159.86
006-2021002029	37	37F	1,159.86
		TOTAL	**36,642.18**

Parking Slots

Parking Level	Slot No.	No. Of Parking Slots
B4	1-40	40
B3	1-34	34
B2	1-25	25
B1	1-42	42
P2	1-17	17
P3	1-40	40
P4	1-39	39
P5	1-39	39
P6	1-25	25
	TOTAL	**301**
		===

The aforementioned Condominium Certificates of Title covering the office and retail units were issued in the name of **ROBINSONS LAND CORPORATION** by the Registry of Deeds for Makati City. Reportedly, the parking slots are not covered by titles but are reportedly appurtenant to the units.

There is only one (1) unit of Robinsons Summit Center that is not owned by RLC and is not covered by this valuation.

2.6 The office floor levels of Robinsons Summit Center are clustered into three (3) zones, the Low Zone (7th to 18th floor), the Mid Zone (19th to 28th floor), and the High Zone (29th to 37th floor). For purposes of this valuation, the subject units were also clustered based on the above zones, summarized as under:

DESCRIPTION	Ave. Unit Area (sq. m.)	Total Area/Zone (sq. m.)
Retail (Ground Floor)	634.74	634.74
Low Zone (7th to 18th Floor)	1,201.14	13,212.58
Mid Zone (19th to 28th Floor)	1,204.42	12,044.20
High Zone (29th to 37th Floor)	1,194.52	10,750.66

2.7 In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn.

Tenure

2.8 As evidenced by the available Condominium Certificates of Title, ownership rights to all of the units are freehold.

Remarks on Highest and Best Use

2.9 The Highest and Best Use of the land where Robinsons Summit Center is erected is the existing high-rise office condominium development.

Description of Condominium Units

Condominium Units

2.10 The Property comprises thirty (30) office condominium units, one (1) retail condominium unit, and three hundred one (301) parking slots of the Robinsons

Summit Center. Description of Robinsons Summit Center is shown as Appendix **8**.

Condition

Scope of Inspection

2.11 As stated earlier, we have previously inspected the Property.

Our inspection of the Property was limited only to the common areas and exterior of the building, as we were not able to gain entry to the subject units.

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify areas and actual configuration of the subject units and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

Comments

2.12 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.13 Information provided to us shows that the units are in good condition consumerate with age and normal usage. No urgent or defects or items of disrepair were reported to us, which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance of the units.

Services

2.14 It would appear from our previous inspection that main supplies of electricity and water are provided to the building. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

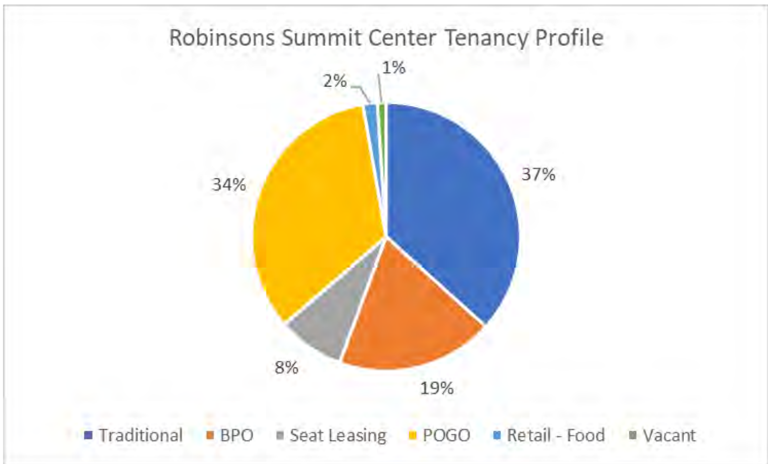
2.15 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.16 A summary of the Property tenancies is presented on the next page.

TENANT	LEASED AREA GROSS, in sq.m.	Lease Contract Start	End
Tenant 1	61.00	01-Feb-15	31-Mar-25
Tenant 2	487.83	01-Mar-14	30-Jun-22
	1,039.42	01-Mar-14	30-Jun-22
Tenant 3	487.83	01-Jul-14	31-Aug-21
Tenant 4	2,106.20	16-Sep-16	15-Dec-26
Tenant 5	456.10	01-Jan-21	31-Mar-24
Tenant 6	314.49	01-May-13	15-Aug-22
	77.04	16-Aug-13	15-Aug-22
	166.71	16-Aug-13	15-Aug-22
Tenant 7	102.14	01-Mar-07	11-Jun-21
Tenant 8	1,014.34	01-Aug-12	31-Oct-22
	507.18	01-Jul-14	30-Sep-23
	507.17	01-Aug-12	31-Jul-21
	496.15	01-Nov-13	31-May-23
Tenant 9	106.28	01-Nov-19	31-Jul-24
	137.47	01-Nov-19	29-Feb-24
Tenant 10	60.34	15-Mar-19	14-Mar-23
Tenant 11	1,014.34	01-Jun-14	30-Jun-24
Tenant 12	106.28	01-Jan-13	31-Dec-21
Tenant 13	263.42	01-Jul-14	30-Jun-26
	186.38	01-Jul-13	30-Jun-26
	154.08	01-Jul-13	30-Jun-26
	1,014.34	01-Jul-13	30-Jun-26
Tenant 14	186.38	24-Jun-14	23-Aug-24
Tenant 15	320.79	16-Feb-20	31-May-25
Tenant 16	1,025.18	05-Jan-15	04-Feb-24
	1,086.94	16-Jun-21	15-Aug-24
Tenant 17	2,116.60	01-Nov-13	19-Apr-23
Tenant 18	1,086.94	10-Mar-17	09-Oct-25
Tenant 19	1,086.94	01-Sep-20	30-Nov-21
Tenant 20	1,058.30	16-Jan-19	15-Apr-22
Tenant 21	562.15	01-Oct-13	30-Sep-21
Tenant 22	1,058.30	01-Nov-14	31-Dec-24
Tenant 23	1,058.30	01-Dec-19	31-Dec-24
Tenant 24	1,084.74	01-Jul-17	31-Oct-24
Tenant 25	1,039.42	01-Sep-20	15-Jul-25
Tenant 26	1,039.42	01-Feb-20	31-Jan-25
Tenant 27	1,014.34	01-Jan-21	31-Dec-23
	990.90	01-Jan-21	31-Dec-23
	1,103.30	01-Jan-21	31-Dec-23
	1,084.74	01-Jan-21	31-Dec-23
	1,104.57	01-Jan-21	31-Dec-23
Tenant 28	456.10	01-Mar-21	28-Feb-26
	320.79	01-Mar-21	28-Feb-26
Tenant 29	154.08	01-Apr-21	31-Mar-26
	166.71	01-Apr-21	31-Mar-26

2.17 Based on the rent roll provided, total leasable area is **31,394.16** sq.m. with **301** parking slots available for lease.

2.18 The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies, seat leasing, Philippine Offshore Gaming Operators (POGOs) and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, traditional offices currently take up 37% of the Property's leasable area followed by POGOs at 34% and the BPOs take up around 19% of leasable area.



Source: SKF, RLC

2.19 As of 30 June 2021, the Property is 99% occupied with a Weighted Average Lease Expiry (WALE) of 2.77 years. Earliest period with an expiring lease is 2021 with 9% of total leased area. In 2022, 13% of the leased area will be up for renewal or a new lease. The years 2023 and 2024 would have the largest leased area to expire at 27% and 23% respectively.

Source: SKF, RLC

2.20 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under

prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **SUBLEASE, TRANSFER OF RIGHTS**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **ASSIGNMENT OF RIGHTS/MORTGAGE/ENCUMBRANCE**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.21 Ayala Avenue is about 40 meters wide, concrete/asphalt-paved and provided with concrete curbs and gutters, and underground drainage system.

2.22 Our informal enquiries with the City Planning Office confirmed that the Property enjoys frontage along the bounding roads.

Access

2.23 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the adopted highways and that accordingly the Property has unfettered vehicular and pedestrian access.

Zonal Value

Source of Information

2.24 Based on the Zonal Table of the Bureau of Internal Revenue, the zonal value of commercial condominium units within Robinsons Summit Center is pegged at PhP230,000 per sq. m.

2.25 An excerpt of the said zonal table is attached herewith as Appendix **9**.

Environmental Considerations

Flooding

2.26 From our enquiries with the City Planning Office, and also due to its terrain, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

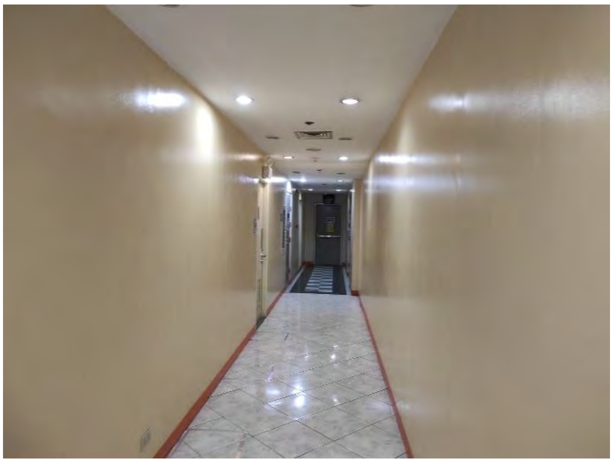
2.27 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. SKF is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

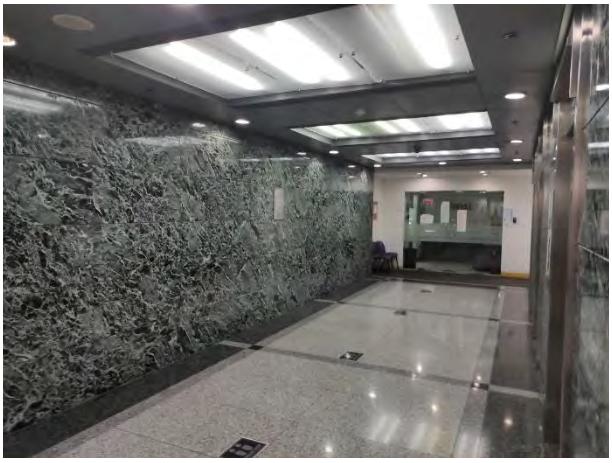
Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Photographs

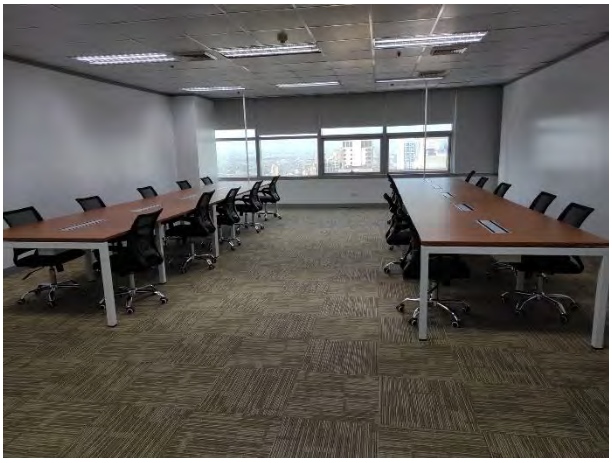
(SKF File Photos)

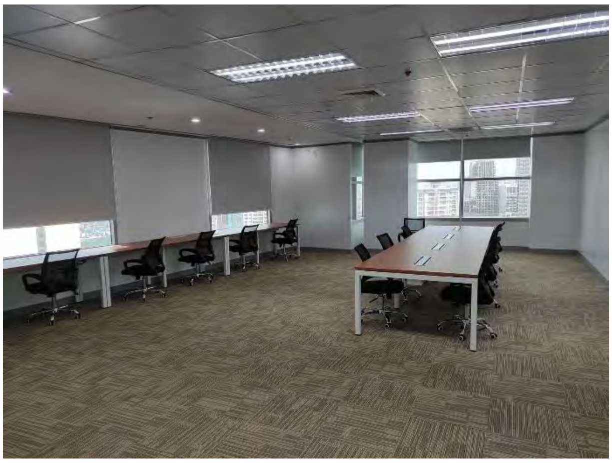
Views along Ayala Avenue





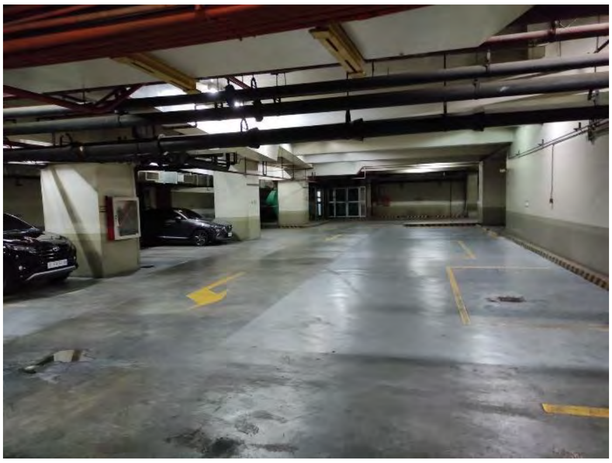
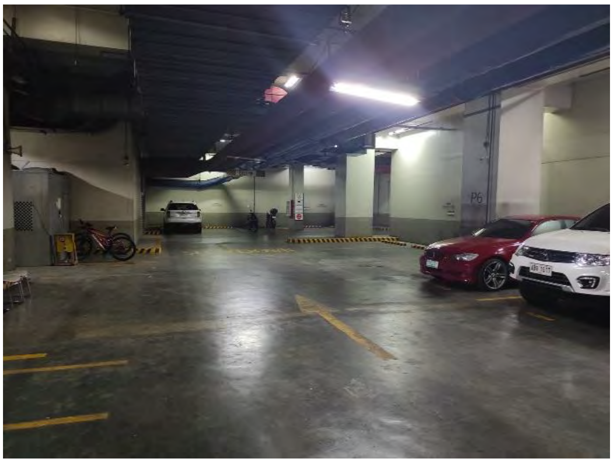
Hallway and Elevator Lobby





Units

Building Lobby

Parking Area

2.28 Other photographs of the Property are attached at Appendix **4**

3 Market Analysis

Philippine Market Commentary

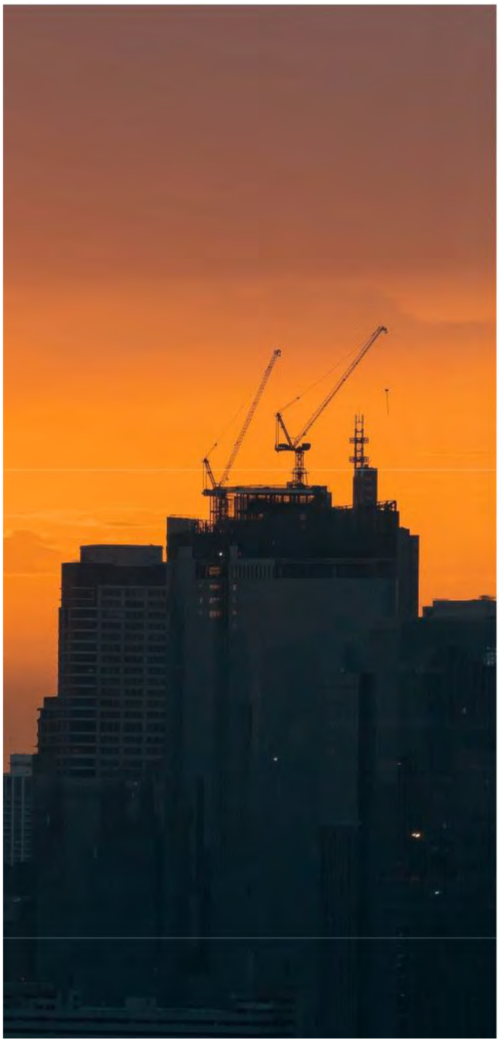
3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview



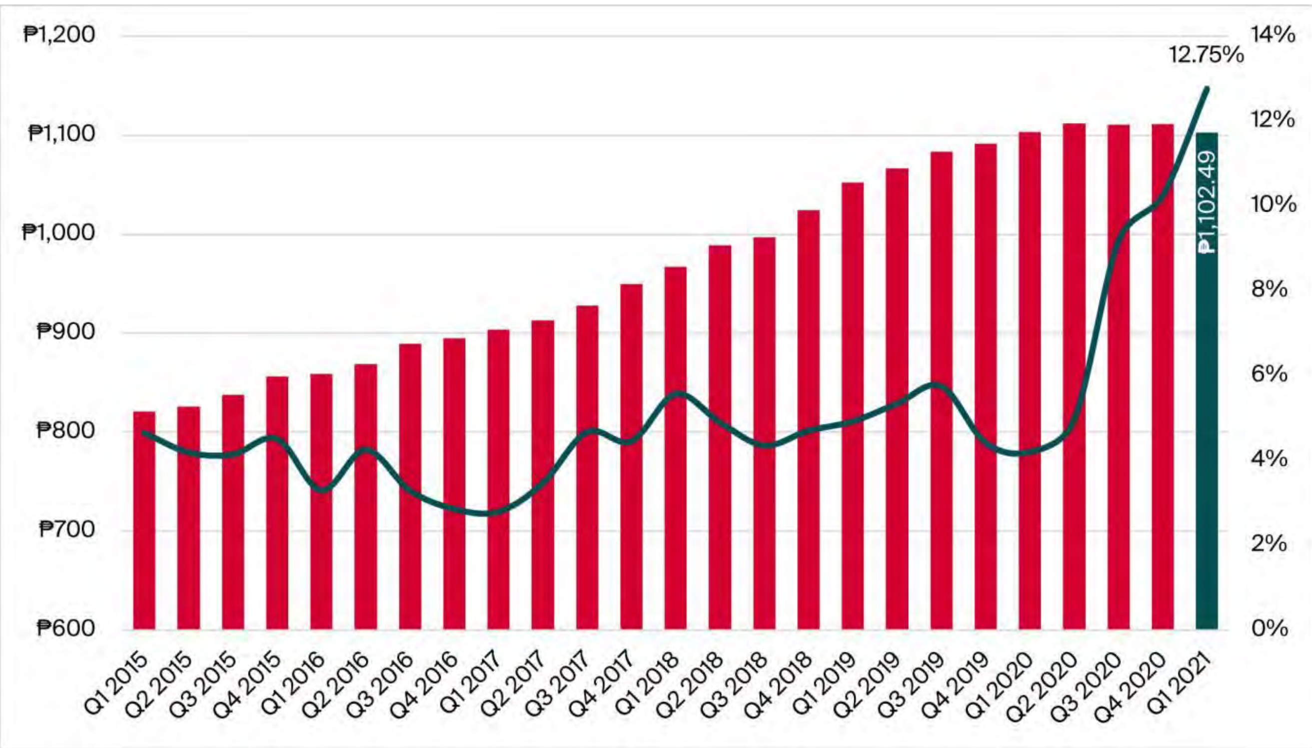
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



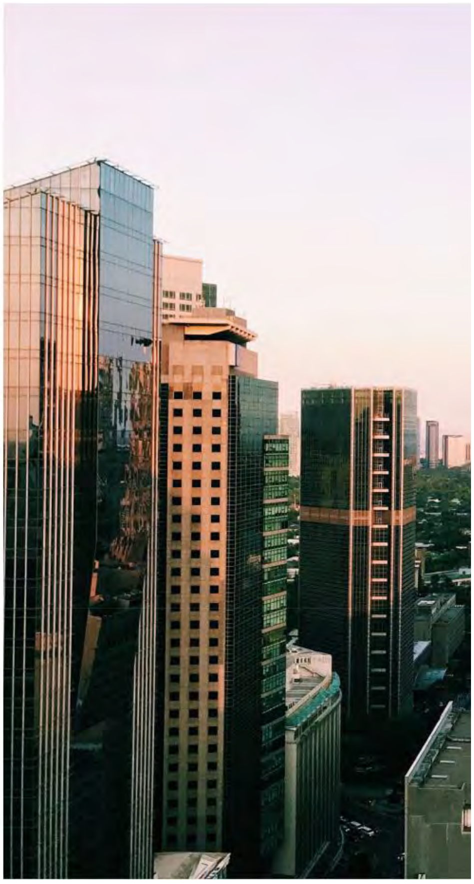
Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.



Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

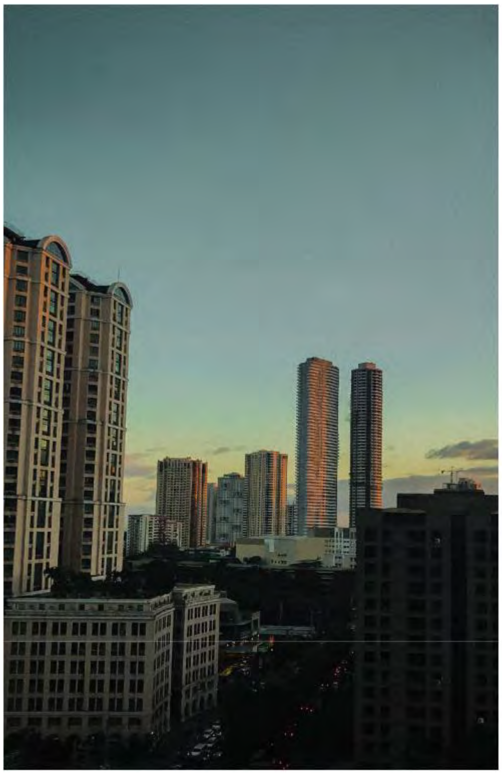
Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center



Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

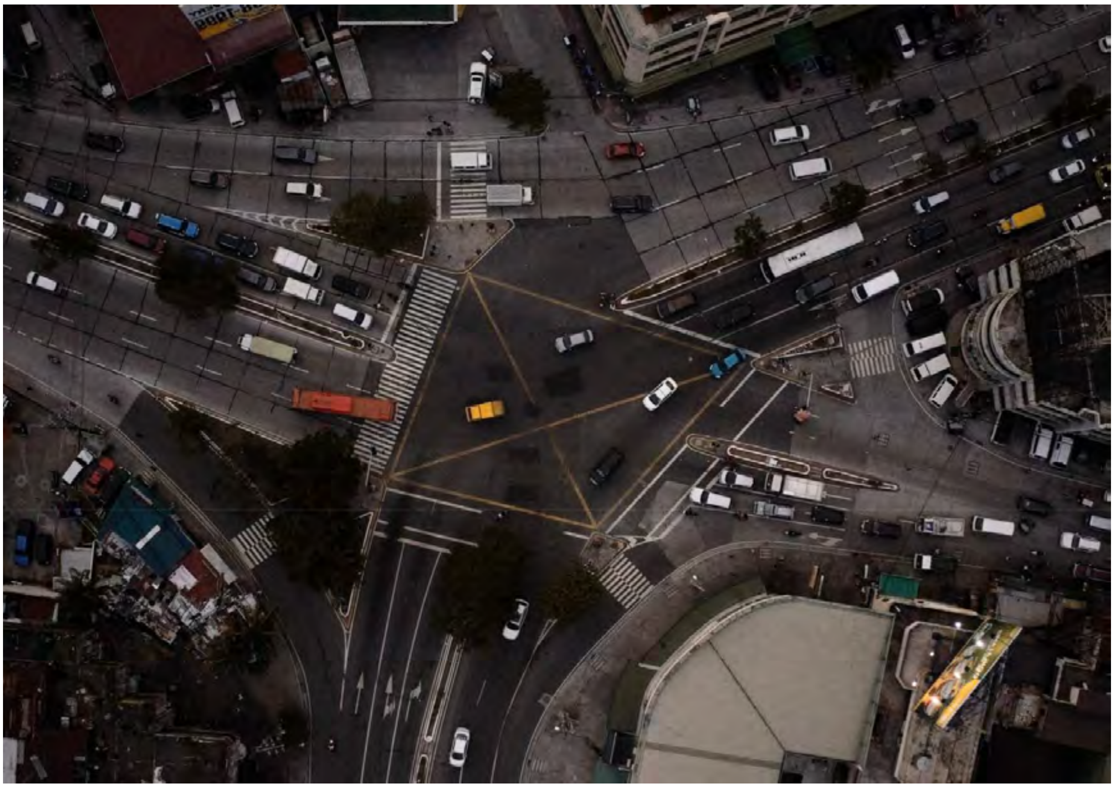
Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.



Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

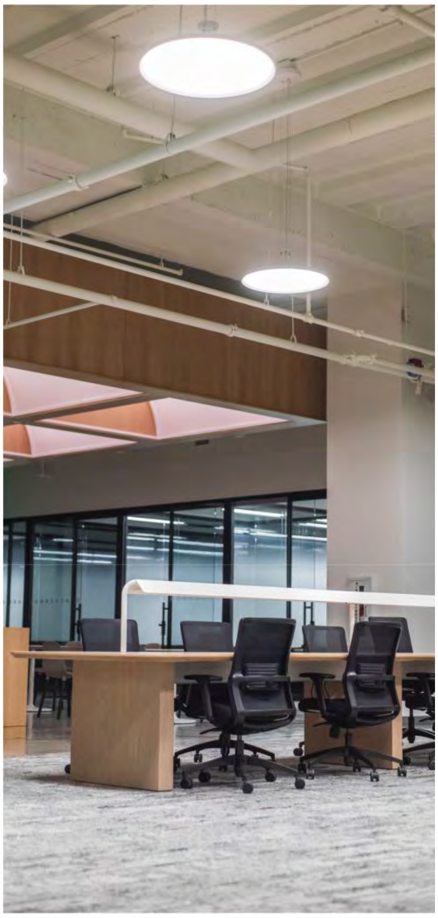
Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

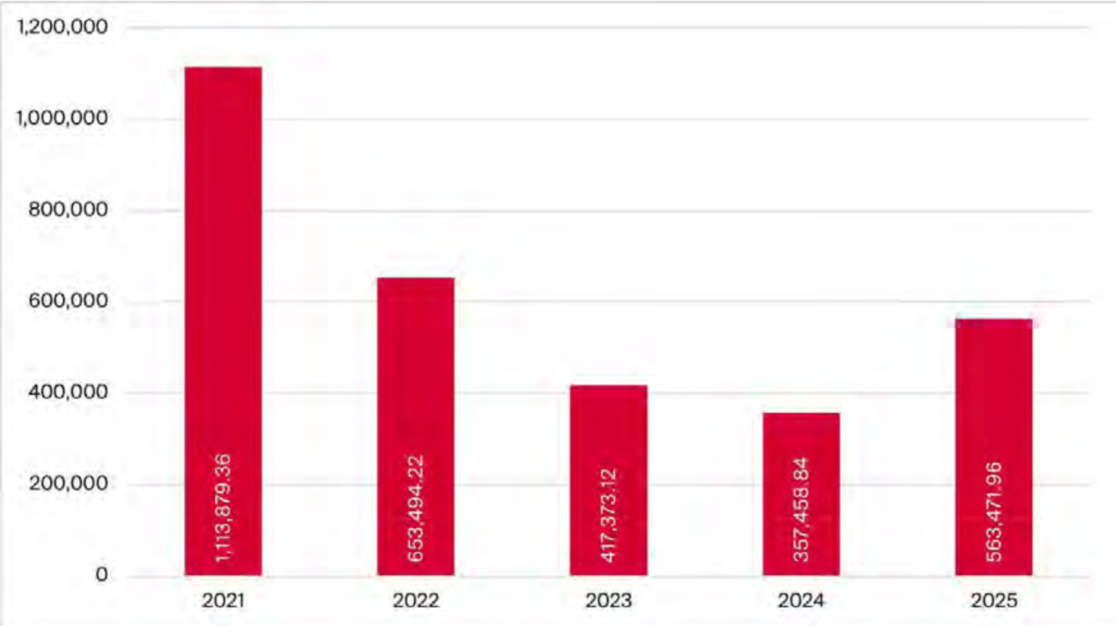
The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more



appealing to the market as it puts a premium on the health and well-being of its tenants.

Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, market value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market Data (or Direct Sales Comparison) Approach, Income Capitalization Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

Due to the nature of the Property and the purpose of this appraisal, both the Market Approach and Income Approach to value are deemed the most appropriate to use and the Cost Approach was not used.

Market Approach

Market Approach

4.2 This approach is the most common technique, and preferred method when comparable data are available. The Market (or Sales Comparison) Approach to value is basically an appraisal technique in which the Market Value is reached primarily with other properties which have been sold recently, plus current asking prices and offers thereby establishing a measure of market reaction to the subject property. In the process of comparison, adjustments are usually made of the actual sale prices of properties to account for differences in the properties. Functional or economic divergences must be considered, as well as physical variations, and adjustments made accordingly. It is a process of correlation and analysis of similar recently sold or offered for sale properties. The reliability of this technique is dependent upon: (a) the degree of comparability of each property with the Property under appraisal; (b) the time of the sale; (c) the verification of the sale/listing/offer data, and; (d) the absence of unusual conditions affecting the sale or listing/offer. The weight given to this approach is dependent on the availability of recent listings/offerings of properties considered comparable to the Property under appraisement.

These listings/sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. These adjusted values are then reconciled for a value conclusion by the Sales Comparison Data Grid.

Adjustments to Sales/Listings Data

The elements of comparison include property rights, legal encumbrances, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, and available utilities. The most variable elements of comparison are the site's physical characteristics, which include its size, condition, amenities, architectural quality, and type.

After comparable data are collected and categorized, and the comparable properties are examined and described, data can be assembled in an organized, logical manner. Sales and/or listings are commonly arranged on a market data grid, such as the Sales Comparison Data Grid. Adjustments for dissimilarities between the subject property and the comparable properties are made to the prices of the comparable. Following is an explanation of the major categories of comparison.

Property Rights Conveyed
The particular rights or interests being valued on a site must be defined. This is especially important in appraisals that involve a partial interest in a property, limited rights such as surface or mineral rights, a fee simple estate subject to a long-term lease, or a leasehold interest. Other encumbrances such as easements, mortgages, or special occupancy and use requirements, should also be identified if the comparable sales property rights differ from the subject.

Financing/Conditions of Sale/Listing
Adjustments for conditions of sale reflect the motivations of the buyer and seller. The conditions under which a parcel of land may be sold could differ from property to property. Current market listings of comparable properties were used. Industry practice dictates that listings/asking/offers have a mark-up allowance of 10% to as much as 30% for negotiation purposes.

Market Conditions (Time of Sale)
The time of sale is the date that the comparable parcel was originally purchased and/or offered for sale. In order for the sale property to be deemed comparable to the subject, it must be adjusted for inflation and deflation that has occurred from the date of sale/offer to the present.

Location
The analysis of a site's location focuses on the time-distance relationships between the site and common origins or destinations. It also concerned with the location of the building in relation to heavily traversed thoroughfares and/or intersections. Likewise, location of the condominium units in relation to floor level. Normally, as the floor gets higher, prices of units also tend to be higher.

Size
The size of the comparable is adjusted for superiority or inferiority to the subject. Generally, it is perceived that smaller units are worth more per sq.m. than larger units, due to its affordability, and a much wider spectrum of end-users.

Condition
This pertains to the age and the degree of maintenance of the subject building with consideration to physical deterioration and other factors deemed relevant.

Architectural Quality
The architectural design of a building can greatly enhanced its marketability. A good architectural design may cost more but can certainly boost its marketing power aside from prolonging the economic life of the Property.

Amenities/Utilities
This addresses the availability of basic amenities such as elevators, air-conditioning units, security system and utilities such as water, power, sewer, and storm drains at or near the sites analyzed. These necessities cannot be deferred when the site is developed and any differences between each comparable and the subject represents an expense, which will materially affect the investment value of the Property.

Unit Type
The type of the unit has an effect on the value of the Property as this dictates the return an owner can expect from it. Normally, a commercial unit is valued higher than a similarly situated residential unit.

Summary of Adjustments
The Data Comparison Grids shown on Appendix **7** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Evidence of comparable properties

4.3 **Analysis of Comparable Properties Offered for Sale**
In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, unit and building locations, architectural quality, building rated classification, and offered amenities/utilities. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A 1,407-sq.m. office condominium unit, with 12 appurtenant parking slots, located on the 20th floor of BPI-Philam Life Building, Ayala Avenue, Makati City, Metropolitan Manila, is currently

offered for sale at an asking price of PhP360,180,000. Estimated price of the parking slots is PhP1,875,000 each, thereby leaving PhP337,680,000 for the unit or about of PhP240,000 per sq. m.
Source: Ms. Edna Awa (0917) 773-7787

2. An office unit containing a floor area of 1,471.12 sq. m., more or less, located at the 11h floor of Petron Megaplaza, along Sen. Gil Puyat Avenue, Barangay Salcedo Village, Makati City, with 11 parking slots, is currently offered for sale at an asking price of PhP336,324,200. Estimated price of the parking slots is PhP1,500,000 each, thereby leaving PhP319,824,200 for the unit or about PhP217,402 per sq.m.
Source: Mr. Rafael Salaveria (0917) 837-7239

3. A 126-sq.m. office condominium unit, with 1 parking slot, located on the 10th floor of Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City, Metropolitan Manila, is currently offered for sale at an asking price of PhP44,100,000. Estimated price of the parking slot is PhP1,750,000, thereby leaving PhP42,350,000 for the unit or about PhP336,111 per sq.m.
Source: Santos Knight Frank – Occupier Services & Commercial Agency

We have found no relevant data on comparable ground floor retail units for sale since retail units are normally leased out and not sold. In the absence of such data, we have valued the subject retail unit using the same upper-level office unit comparable and applied adjustment factor to arrive at the market value.

In addition, we have likewise conducted market survey of parking slots in various similar Grade A office buildings within Makati Central Business District. Based on our research, parking slots in the area are being sold at a price range of PhP1,300,000 to P1,800,000 per slot depending on the slot and building location, building age, and the amenities available in the building.

Unit Value of the Subject Units

4.4 As reflected in the Comparison Grids, attached herein as Appendix **7**, the Unit Value of the subject units, as clustered per zone, are as under:

	Unit Value (PhP/ sq. m.)
Retail (Ground Floor)	238,000
Low Zone (7th to 18th Floor)	196,000
Mid Zone (19th to 28th Floor)	206,000
High Zone (29th to 37th Floor)	217,000

Meanwhile, the value of the Parking Slots is estimated at PhP1,500,000 per slot.

Market Value of the Property by Market Approach

4.5 Having taken into consideration the above comments, assumptions and nature of the Property, the Market Value of the Property by Market Approach is summarized on the next page as:

DESCRIPTION	Total Area/Zone (sq. m.)	Unit Value (PhP/sq. m.)	Market Value (PhP)
Condominium Units			
Retail (Ground Floor) Unit	634.74	238,000	151,068,000
Low Zone (7th to 18th Floor) Office Units	13,212.58	196,000	2,589,666,000
Mid Zone (19th to 28th Floor) Office Units	12,044.20	206,000	2,481,105,000
High Zone (29th to 37th Floor) Office Units	10,750.66	217,000	2,332,893,000

			7,554,732,000
Parking Slots	301 slots @ PhP1,500,000 per slot		**451,500,000**
			===========
		Total	**8,006,232,000**

		Rounded to	**8,006,000,000**
			===========

Income Approach

Income Approach 4.6 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

Discounted Cash Flow Analysis 4.7 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.8 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.9 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk

MR	Management Risk
LR	Liquidity Risk

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.10 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.11 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.12 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

4.13 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and have arrived at the following: 0.8% for Management Risk and 0.9% for Liquidity Risk.

Resulting Discount Rate

4.14 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.15 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions

4.16 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analyzed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Management Dues and Aircon Dues are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services and A/C use (exclusive of power consumption).

iii. It would be important to note that Management Dues collected act as a cost recovery mechanism for all expenses related to the day to day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 99% while the historical average performance of the Property for the last two years is at 99%. Occupancy rates include committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 3%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 6% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and miscellaneous expenses. Real Estate expenses are as follows: repairs & maintenance, management fee, loss from CUSA and miscellaneous expenses. While under General Administrative Expense are –taxes and licenses, commissions, insurance, and communication and supplies expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **5**.

Direct Capitalization Method

4.17 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.18 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value

4.19 Market Value is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.20 The valuation date is **30 June 2021**.

Assumptions

Assumptions

4.21 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.22 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as details of the condominium units, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumptions 4.23 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.24 We have adopted the details of the subject units provided to us by the Client and have assumed this to be accurate. Further, the subject units were assumed to be owned by Robinsons Land Corporation.

4.25 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

Valuation Results

Using Market Approach 4.26 Using the **Market Approach**, the Market Value of the Property, may be summarized as under:

DESCRIPTION	Market Value (PhP)
Condominium Units	
Retail (Ground Floor) Unit	151,068,000
Low Zone (7th to 18th Floor) Office Units	2,589,666,000
Mid Zone (19th to 28th Floor) Office Units	2,481,105,000
High Zone (29th to 37th Floor) Office Units	2,332,893,000
	7,554,732,000
Parking Slots	**451,500,000**
TOTAL	**8,006,232,000**
ROUNDED TO	**8,006,000,000**

4.27 The Market Value of the Property is estimated at **PhP8,006,000,000 (EIGHT BILLION, SIX MILLION PHILIPPINE PESOS)**.

Using Income Approach 4.28 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP11,476,000,000**
Direct Capitalization Method	**PhP12,359,000,000**

Calculation 4.29 We attach a copy of our valuation calculations for the Income Approach at Appendix **5 & 6**.

Comments 4.30 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Market Approach. This is because, unlike the Income Approach, the Market Approach does not capture the income potential of the Property.

4.31 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.32 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP11,476,000,000 (ELEVEN BILLION, FOUR HUNDRED SEVENTY-SIX MILLION PHILIPPINE PESOS).

Note*: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded …………………………… PhP11,476,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®	**JACQUELINE T. GUERTA, CPV®**
Associate Director	Director
Licensed Real Estate Appraiser	Licensed Real Estate Appraiser
PRC Reg. No. 423	PRC Reg. No. 949
Date Issued and Validity: 04/14/2011 - 12/22/2022	Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533465 – 01/05/2021; Makati City	PTR No. 8533467- 01/05/2021; Makati City
TIN 185-543-916	TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL V. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling;

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:

Our Valuation of 14 Properties will be as follows:

1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
   Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely, **SANTOS KNIGHT FRANK, INC.**	Approved and agreed to by: **ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC® Senior Director & Head Valuation and Advisory Mabel.Luna@santos.knightfrank.ph M (63-917) 865 3712	**FREDERICK D. GO** President & Chief Executive Officer Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear..

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering

We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios

Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches

We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens

We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities

No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information

We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance

Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age

Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.
Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security
Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information
In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments
A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence
Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases
Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

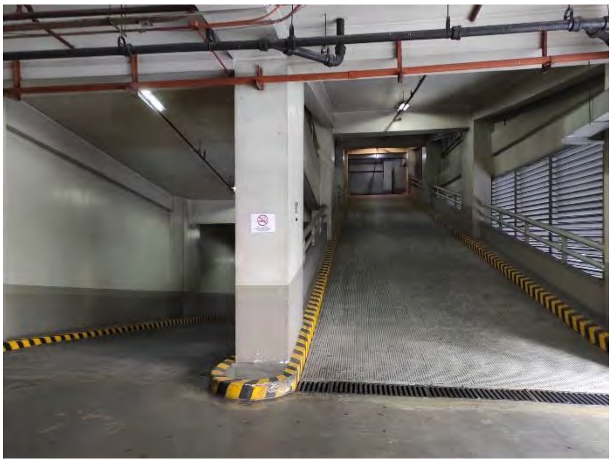
Appendix 4 - Photographs

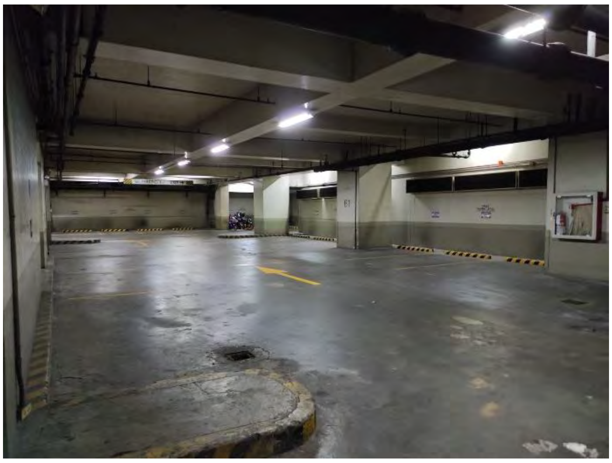
(SKF File Photos)

Views along Ayala Avenue

Executive Elevator

Parking Elevator





Parking Area and Ramp

Machinery and Equipment


Centralized Air Conditioning System


Ventilation System


Generator Sets


Fire Fighting System


Water Distribution System


Gondola

Appendix 5 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS SUMMIT CENTER
PROPERTY ADDRESS:	:	Ayala Ave., Makati City
TOTAL LEASABLE AREA:	:	31,394.16
Total No. of Parking Slots	:	301

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	273,561,608	557,644,235	576,929,844	590,726,344	607,817,597	629,011,369	653,593,290	676,669,988	701,785,250	728,159,286	375,198,585	783,330,095
Parking Slots	7,393,269	14,873,969	15,371,423	15,857,145	16,373,594	16,700,914	17,236,069	18,032,381	18,802,115	19,284,150	9,868,813	20,820,442
Other Areas	1,169,157	2,745,296	2,872,664	2,945,374	3,043,229	3,100,636	3,234,373	3,344,888	3,471,936	3,543,051	3,702,272	3,828,110
Gross Leasing Revenues	282,124,034	575,263,500	595,173,932	609,528,864	627,234,420	648,812,919	674,063,732	698,047,257	724,059,301	750,986,487	388,769,670	807,978,647
Less: Vacancy Allowance	*14,448,847*	*28,763,175*	*12,364,621*	*12,666,292*	*13,035,896*	*13,477,286*	*13,653,635*	*14,141,269*	*14,669,207*	*15,212,571*	*7,676,705*	*15,951,369*
Office	13,736,538	28,019,477	11,596,050	11,873,434	12,217,217	12,642,240	13,136,553	13,600,298	14,105,144	14,634,047	7,578,017	15,743,164
Parking	712,308	743,698	768,571	792,857	818,680	835,046	517,082	540,971	564,063	578,525	98,688	208,204
	14,448,847	28,763,175	12,364,621	12,666,292	13,035,896	13,477,286	13,653,635	14,141,269	14,669,207	15,212,571	7,676,705	15,951,369
Net Leasing Revenues	267,675,187	546,500,325	582,809,310	596,862,572	614,198,523	635,335,633	660,410,097	683,905,988	709,390,093	735,773,916	381,092,965	792,027,279
Other Income												
Management Dues	23,220,467	46,062,339	47,516,940	47,516,940	47,516,940	49,892,787	49,892,787	49,892,787	49,892,787	49,892,787	24,741,354	52,387,426
NET REVENUES	290,895,654	592,562,664	630,326,250	644,379,512	661,715,463	685,228,419	710,302,884	733,798,775	759,282,880	785,666,702	405,834,319	844,414,704
OPERATING COSTS & EXPENSES												
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	141,552	289,000	308,201	315,632	324,800	335,978	349,238	361,663	375,139	389,091	201,529	418,839
Management Fee	12,473,646	25,466,878	27,158,874	27,813,755	28,621,610	29,606,597	30,775,066	31,869,973	33,057,530	34,287,015	17,758,906	36,908,418
Loss from CUSA												
Power Charges - net	-	-	-	-	-	-	-	-	-	-	-	-
Water Charges - net	-	-	-	-	-	-	-	-	-	-	-	-
Aircon Dues (Expense)	- 1,898,284	- 3,875,641	- 4,133,136	- 4,232,798	- 4,355,740	- 4,505,639	- 4,683,461	- 4,850,087	- 5,030,814	- 5,217,922	- 2,702,614	- 5,616,856
Others	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-	-	-

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS SUMMIT CENTER
PROPERTY ADDRESS:	:	Ayala Ave., Makati City
TOTAL LEASABLE AREA:	:	31,394.16
Total No. of Parking Slots	:	301

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		-	-	-	-	-	-	-	-	-	-	-	-
Taxes & Licenses		5,556,198	11,021,806	11,352,460	11,352,460	11,352,460	11,352,460	11,693,034	11,693,034	11,693,034	11,693,034	5,972,417	12,043,825
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		414,269	1,230,992	2,596,704	2,262,373	1,144,733	2,562,800	1,442,798	3,045,624	2,687,708	1,371,378	3,082,703	1,729,190
Insurance Expense		1,108,463	2,257,970	2,401,868	2,455,418	2,521,477	2,611,074	2,706,621	2,796,152	2,893,260	2,993,796	1,546,438	3,217,656
Communication		2,985	6,081	6,468	6,612	6,790	7,032	7,289	7,530	7,791	8,062	4,164	8,665
Rent Expense		-	-	-	-	-	-	-	-	-	-	-	-
Supplies Expense		-	-	-	-	-	-	-	-	-	-	-	-
Travel & Transportation		-	-	-	-	-	-	-	-	-	-	-	-
Representation & Entertainment		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS & EXPENSES		17,798,827	36,397,084	39,691,440	39,973,454	39,616,130	41,970,302	42,290,584	44,923,888	45,683,648	45,524,454	25,863,544	48,709,736
NET OPERATING INCOME		273,096,827	556,165,580	590,634,810	604,406,058	622,099,333	643,258,118	668,012,300	688,874,886	713,599,232	740,142,248	379,970,775	795,704,968
CAPEX	1.5%	4,015,128	8,197,505	8,742,140	8,952,939	9,212,978	9,530,034	9,906,151	10,258,590	10,640,851	11,036,609	5,716,394	11,880,409
NOI after CAPEX		269,081,699	547,968,075	581,892,670	595,453,119	612,886,355	633,728,083	658,106,148	678,616,297	702,958,381	729,105,639	374,254,381	783,824,559
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		257,642,263	481,350,805	468,945,998	440,251,682	415,725,730	394,369,579	375,724,836	355,444,454	337,792,944	321,428,898	158,089,095	303,757,765

Total Present Worth of Cashflows		4,006,766,284
Terminal Value of Property at 11Y	4.5%	17,682,332,623
Discounted at	0.42	7,469,208,391

TOTAL PROPERTY VALUE	11,475,974,675
Rounded to, say	11,476,000,000

Appendix 6 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS SUMMIT CENTER
PROPERTY ADDRESS:	:	Ayala Ave., Makati City
TOTAL LEASABLE AREA:	:	31,394.16
Total No. of Parking Slots	:	301

DIRECT CAPITALIZATION

INCOME REVENUES		
Office Units		557,644,235
		-
Parking Slots		14,873,969
Other Areas		2,745,296
Gross Leasing Revenues		575,263,500
Less: Vacancy Allowance		28,763,175
Net Leasing Revenues		546,500,325
Other Income		
Management Dues		46,062,339
NET REVENUES		592,562,664
OPERATING COSTS & EXPENSES		
Contracted Services		-
Repairs & Maintenance		289,000
Management Fee		25,466,878
Loss from CUSA		-
Power Charges - net		-
Water Charges - net		-
Aircon Dues (Expense)	-	3,875,641
Others		-
Miscellaneous Expense		-
General and Administrative Expense		-
Salaries & Wages		-
Taxes & Licenses		11,021,806
Advertising & Promotions Expense		-
Commission Expense		1,230,992
Insurance Expense		2,257,970
Communication		6,081
Rent Expense		-
Supplies Expense		-
Travel & Transportation		-
Representation & Entertainment		-
TOTAL COSTS & EXPENSES		36,397,084
NET OPERATING INCOME		556,165,580
Capitlization Rate		4.5%
TOTAL PROPERTY VALUE		12,359,235,105
Rounded to, say		12,359,000,000

Appendix 7 - Valuation Calculation (Comparison Grids)

MARKET DATA COMPARISON GRID
(Ground Retail Unit)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Ground Floor, Robinsons Summit Center, Ayala Avenue, Makati City	20th Floor, BPI-Philam Life Building, Ayala Avenue, Makati City		11th Floor, Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		10th Floor, Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		337,680,000.00		319,824,200.00		42,350,000.00	
Size (sq. m.) - Floor Area	634.74	1,407.00		1,471.12		126.00	
Price Per sq.m. (Unadjusted)		PHP 240,000.00		PHP 217,401.84		PHP 336,111.11	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			240,000.00		217,401.84		336,111.11
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-15%	Allowance	-15%	Allowance	-15%
Adjusted Price			204,000.00		184,791.57		285,694.44
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			204,000.00		184,791.57		285,694.44
PHYSICAL ADJUSTMENTS							
Location (Building)	Robinsons Summit Center, Ayala Avenue, Makati City	BPI-Philam Life Building, Ayala Avenue, Makati City		Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Comparison/Adjustment		equal	0%	inferior	10%	Superior	-10%
Location (Unit/view)	Retail (Ground Floor)	Mid Zone (20th Floor)		Low Zone (11th Floor)		Low Zone (10th Floor)	
Comparison/Adjustment		inferior	5%	inferior	10%	inferior	10%
Size	634.74	1,407.00		1,471.12		126.00	
Comparison/Adjustment		inferior	5%	inferior	5%	superior	-10%
Building Condition/Grade	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Architectural Quality (Bldg.)	Very Good	Very Good		Very Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities / Amenities	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Unit Type	Retail	Office		Office		Office	
Comparison/Adjustment		inferior	5%	inferior	5%	inferior	5%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Warm Shell	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			15%		30%		45%
Total Net Adjustments			15%		30%		-15%
Final Adjusted Price (Net Adjustment Basis)		234,600.00		240,229.04		242,840.28	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		117,300.00		79,275.58		41,282.85	
Value per sqm		237,858.43					
ROUNDED TO		238,000.00	per sq.m.				

MARKET DATA COMPARISON GRID
(Low Zone Office Units)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Low Zone (7th to 18th Floor), Robinsons Summit Center, Ayala Avenue, Makati City	20th Floor, BPI-Philam Life Building, Ayala Avenue, Makati City		11th Floor, Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		10th Floor, Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		337,680,000.00		319,824,200.00		42,350,000.00	
Size (sq. m.) - Ave. Floor Area	1,201.14	1,407.00		1,471.12		126.00	
Price Per sq.m. (Unadjusted)		PHP 240,000.00		PHP 217,401.84		PHP 336,111.11	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			240,000.00		217,401.84		336,111.11
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-15%	Allowance	-15%	Allowance	-15%
Adjusted Price			204,000.00		184,791.57		285,694.44
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			204,000.00		184,791.57		285,694.44
PHYSICAL ADJUSTMENTS							
Location (Building)	Robinsons Summit Center, Ayala Avenue, Makati City	BPI-Philam Life Building, Ayala Avenue, Makati City		Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Comparison/Adjustment		equal	0%	inferior	10%	Superior	-10%
Location (Unit/view)	Low Zone (7th to 18th Floor)	Mid Zone (20th Floor)		Low Zone (11th Floor)		Low Zone (10th Floor)	
Comparison/Adjustment		superior	-5%	equal	0%	equal	0%
Size (Average)	1,201.14	1,407.00		1,471.12		126.00	
Comparison/Adjustment		equal	0%	equal	0%	superior	-15%
Building Condition	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Architectural Quality (Bldg.)	Very Good	Very Good		Very Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities / Amenities	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Warm Shell	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			5%		10%		35%
Total Net Adjustments			-5%		10%		-35%
Final Adjusted Price (Net Adjustment Basis)		193,800.00		203,270.72		185,701.39	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		96,900.00		67,079.34		31,569.24	
Value per sqm		195,548.57					
ROUNDED TO		196,000.00 per sq.m.					

MARKET DATA COMPARISON GRID
(Mid Zone Office Units)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Mid Zone (19th to 28th Floor), Robinsons Summit Center, Ayala Avenue, Makati City	20th Floor, BPI-Philam Life Building, Ayala Avenue, Makati City		11th Floor, Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		10th Floor, Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		337,680,000.00		319,824,200.00		42,350,000.00	
Size (sq. m.) - Ave. Floor Area	1,204.42	1,407.00		1,471.12		126.00	
Price Per sq.m. (Unadjusted)		PHP 240,000.00		PHP 217,401.84		PHP 336,111.11	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			240,000.00		217,401.84		336,111.11
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-15%	Allowance	-15%	Allowance	-15%
Adjusted Price			204,000.00		184,791.57		285,694.44
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			204,000.00		184,791.57		285,694.44
PHYSICAL ADJUSTMENTS							
Location (Building)	Robinsons Summit Center, Ayala Avenue, Makati City	BPI-Philam Life Building, Ayala Avenue, Makati City		Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Comparison/Adjustment		equal	0%	inferior	10%	Superior	-10%
Location (Unit/view)	Mid Zone (19th to 28h Floor)	Mid Zone (20th Floor)		Low Zone (11th Floor)		Low Zone (10th Floor)	
Comparison/Adjustment		equal	0%	inferior	5%	inferior	5%
Size (Average)	1,204.42	1,407.00		1,471.12		126.00	
Comparison/Adjustment		equal	0%	equal	0%	superior	-15%
Building Condition/Grade	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Architectural Quality (Bldg.)	Very Good	Very Good		Very Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities / Amenities	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Warm Shell	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			0%		15%		40%
Total Net Adjustments			0%		15%		-30%
Final Adjusted Price (Net Adjustment Basis)		204,000.00		212,510.30		199,986.11	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		102,000.00		70,128.40		33,997.64	
Value per sqm		206,126.04					
ROUNDED TO		206,000.00 per sq.m.					

MARKET DATA COMPARISON GRID
(High Zone Office Units)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Low Zone (29th to 37th Floor), Robinsons Summit Center, Ayala Avenue, Makati City	20th Floor, BPI-Philam Life Building, Ayala Avenue, Makati City		11th Floor, Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		10th Floor, Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		337,680,000.00		319,824,200.00		42,350,000.00	
Size (sq. m.) - Ave. Floor Area	1,194.52	1,407.00		1,471.12		126.00	
Price Per sq.m. (Unadjusted)		PHP 240,000.00		PHP 217,401.84		PHP 336,111.11	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			240,000.00		217,401.84		336,111.11
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-15%	Allowance	-15%	Allowance	-15%
Adjusted Price			204,000.00		184,791.57		285,694.44
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			204,000.00		184,791.57		285,694.44
PHYSICAL ADJUSTMENTS							
Location (Building)	Robinsons Summit Center, Ayala Avenue, Makati City	BPI-Philam Life Building, Ayala Avenue, Makati City		Petron Megaplaza, Sen. Gil Puyat Avenue, Salcedo Village, Makati City		Ayala Tower One, Ayala Triangle, Ayala Avenue, Makati City	
Comparison/Adjustment		equal	0%	inferior	10%	Superior	-10%
Location (Unit/view)	High Zone (29th to 37th Floor)	Mid Zone (20th Floor)		Low Zone (11th Floor)		Low Zone (10th Floor)	
Comparison/Adjustment		inferior	5%	inferior	10%	inferior	10%
Size (Average)	1,194.52	1,407.00		1,471.12		126.00	
Comparison/Adjustment		equal	0%	equal	0%	superior	-15%
Building Condition/Grade	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Architectural Quality (Bldg.)	Very Good	Very Good		Very Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities / Amenities	Good	Good		Good		Very Good	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-5%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Warm Shell	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			5%		20%		45%
Total Net Adjustments			5%		20%		-25%
Final Adjusted Price (Net Adjustment Basis)		214,200.00		221,749.88		214,270.83	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		107,100.00		73,177.46		36,426.04	
Value per sqm		216,703.50					
ROUNDED TO		217,000.00 per sq.m.					

Appendix 8 - Property Description

Robinsons Summit Center

As seen during our inspection for the previous valuation done, Robinsons Summit Center is a thirty-seven (37)-storey, reinforced concrete-framed building with helipad and four (4)-level basement. Construction of the building was reportedly completed in December 2001. The building is divided into three (3) zones; the Low Zone (Ground to 18th Floors), the Mid Zone (19th to 28th Floors) and the High Zone (29th to 37th Floors). The ground floor houses the Landbank of the Philippines, Mini Stop, Highlands Coffee and The Sandwich Company. Architectural details and/or finishes of the building consist of reinforced concrete footings and foundations, reinforced concrete floor slabs at all levels, reinforced concrete columns, girders and beams construction. External finishes of aluminum panels with curtain wall of clear and solar reflective glass and stone cladding to podium. Interior finishes is granite and marble to walls floor finishes for the main and elevator lobbies, Typical standard office floors are plaster and paint to core walls and columns, plasterboard and paint to inside face of curtain wall.

Individual tenancy fit-outs are generally the responsibility of tenants according to their particular requirements. Fit-outs introduced typically comprise of a combination of raised flooring, wall-to-wall carpet, ceramic or vinyl tile coverings, suspended tile or plasterboard lined ceilings with recessed fluorescent lighting. These fit-outs were not considered in the valuation since these were introduced by the tenants. The building is designed to comprise only 6 units per floor with an average floor plate of only 1,200 sq.m. The 8th and 9th floors are occupied by AVALOQ, formerly by Fitness First. The 36th and 37th floor house the Philippine operations of Hewlett-Packard Philippines Corporation. The building also has a helipad located on the roofdeck, a 10-level parking with over 388 regular slots, and is equipped with a state-of-the-art building management and communications system.

The building is provided with mechanical and electrical services such as elevators, air conditioning and ventilating system, electrical power and distribution system, domestic water supply system, fire fighting system, and security monitoring, described in detail and valued in the equipment section of this report. It is painted and provided with complete electrical lighting and plumbing facilities and two (2) cistern tanks at basement 4 with a total capacity of 70,671.30. Based on information provided to us, the building has a total gross floor area of about 60,971.07 sq.m.

Subject Units

Based on documents provided to us by the Client, the Property consists of thirty (30) office condominium units, with a total floor area of **36,007.44 sq. m.**, one (1) retail condominium unit with an area of **634.74 sq.m.** and three hundred one (301) appurtenant parking slots of Robinsons Summit Center. There is only one (1) unit of Robinsons Summit Center that is not owned by RLC and is not covered by this valuation.

Appendix 9 - BIR Zonal Value

		D.O No.	62-2016
		Effectivity date	28-Dec-16
BARANGAY: BEL-AIR (SALCEDO VILLAGE)(continuation)			

STREET/SUBDIVISION	VICINITY	CLASSIFI-CATION	7TH REV. ZV./SQ. M.
RCBC PLAZA *	AYALA AVE.	CC	230,000.00
		PS	150,000.00
ROBINSON'S SUMMIT CENTER **	AYALA AVE.	RC	-
		CC	230,000.00
		PS	150,000.00
SAGITTARIUS CONDOMINIUM	H.V. DELA COSTA	RC	60,000.00
		CC	70,000.00
		PS	50,000.00
SALCEDO MANSIONS	TORDESILLAS	RC	75,000.00
		CC	80,000.00
		PS	56,000.00
SALCEDO PARK TOWER (SALCEDO PARK TWIN TOWER)	H.V. DELA COSTA	RC	80,000.00
		CC	100,000.00
		PS	70,000.00
SALCEDO SQUARE (NEW)	L.P. LEVISTE	RC	165,500.00
		CC	200,000.00
		PS	150,000.00
SALCEDO TOWER	H.V. DELA COSTA	RC	100,000.00
		CC	120,000.00
		PS	84,000.00
SB CARD CENTER **	VALERO	RC	-
		CC	80,000.00
		PS	56,000.00
SHELL HOUSE **	VALERO	RC	-
		CC	85,000.00
		PS	60,000.00
SMART TOWER **	AYALA AVE.	RC	-
		CC	230,000.00
		PS	150,000.00
SOLAR CENTURY TOWER **	TORDESILLAS COR H.V. DELA COSTA	RC	-
		CC	90,000.00
		PS	63,000.00
SPLENDIDO GARDENS SALCEDO	H.V. DELA COSTA	RC	80,000.00
		CC	96,000.00
		PS	67,000.00
TELECOMS PLAZA *	H.V. DELA COSTA	CC	100,000.00
		PS	70,000.00
THE PEARL BANK CENTER *	VALERO	CC	100,000.00
		PS	70,000.00
THE PICASSO SERVICED RESIDENCES	L.P. LEVISTE	RC	135,000.00
		CC	150,000.00
		PS	105,000.00
THE REGENCY AT SALCEDO (THE REGENCY)	TORDESILLAS	RC	115,000.00
		CC	138,000.00
		PS	97,000.00
THE WORLD CENTRE *	H.V. DELA COSTA	CC	130,000.00
		PS	91,000.00

* Building already exists but with no assigned value in the 6th revision, assigned ZV in the 7th revision.

** Zonal value for RC was deleted because the building is purely for office/commercial use.

Note: The Zonal Value was not considered in this valuation but merely shown as a guide or tool. Zonal values do not reflect the interplay of market forces in a property but are used solely for establishing the value of a property for taxation purposes, set and implemented by the Bureau of Internal Revenue. Streets are "zoned" accordingly, and valued. These values are used as basis for the payment of Capital Gains Tax in acquisition proceedings. These values do not, per se, reflect the true market conditions in any particular locality, but are merely used as a guide or tool.

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA

Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RONALD RAY S. LACHICA

Appraiser

T 632.752.2580

F 632.752.2571

Ronald.Lachica@santos.knightfrank.ph

Ronald Ray S. Lachica is an Appraiser of Santos Knight Frank under the Valuations Group.

Prior to joining Santos Knight Frank, Mr. Lachica was involved with Asian Appraisal Company, Inc. where he gained valuation experience since 2017. During his years of stay in his field, he has gained immense experience in real estate valuation projects concerning different types of real estate properties including residential properties, commercial estate, industrial estate and farm estate. He is now currently expanding his expertise and is now involved in light machinery and equipment valuation projects and had likewise gained an expansive experience in personnel management and development of client relations.

- Certified Safety Officer II (COSH)
- Licensed Civil Engineer, PRC Registration No. 0151749
- Bachelor of Science in Civil Engineering, Technological Institute of the Philippines - Manila

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Tera Tower -
Tera Drive corner West Drive
Bridgetowne, Barangay Ugong Norte
Quezon City, Metropolitan Manila

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Tera Drive corner West Drive, Bridgetowne, Barangay Ugong, Quezon City, Metropolitan Manila, Philippines.		
Description	The valuation comprises land (leasehold), building, and building machinery & equipment of a site identified as Tera Tower, a PEZA registered, LEED Gold certified, Prime Grade office building located at the southwest corner of Tera Drive and West Drive, within Bridgetowne, Quezon City.		
Land Area	3,871 sq.m.		
Gross Floor Area	52,248.86 sq.m	**Gross Leasable Area**	35,087.26 sq.m.
Occupancy	100%	**WALE**	4.69 years
Ave. Lease Rate	PhP653/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (98 years)		
MARKET VALUE (Income Approach	**PhP6,066,000,000** **SIX BILLION, SIXTY-SIX MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building, and building machinery & equipment of a site identified as Tera Tower located at **Tera Drive corner West Drive, within Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.14 The valuation process was performed by **Raymond F. Dechavez**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection

1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations

1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- Typical Floor Plan
- Site Development Plan
- Lot Plan
- Floor Area Tabulation
- Rent Roll
- Financial Statements
- Projections
- Historical and Current Occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value.**

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address

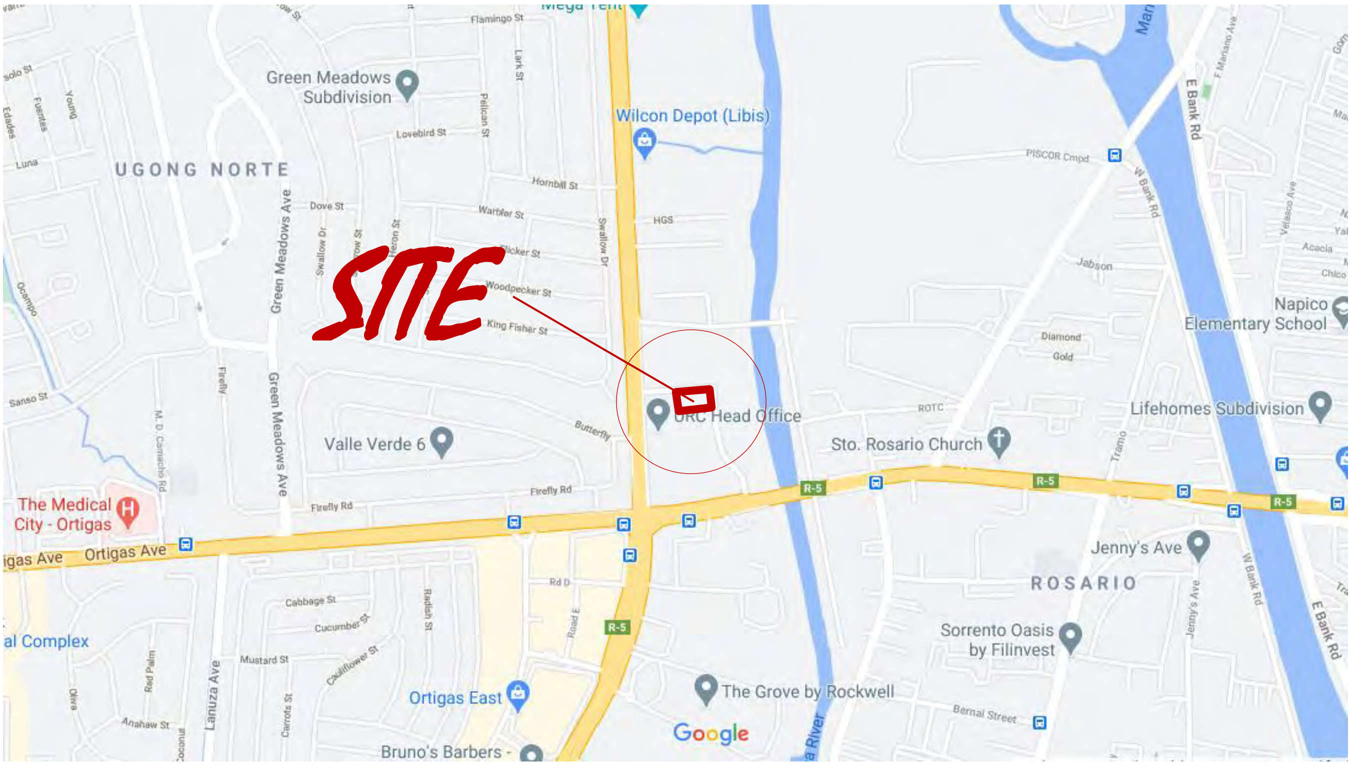
2.1 The Property, identified as Tera Tower, is located at the southwest corner of Tera Drive and West Drive, within Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila, Philippines.

The site is approximately 160 meters east from Eulogio Rodrriguez, Jr. Avenue, some 270 meters north from Ortigas Avenue Extension, 2.50 kilometers southeast from Epifanio delos Santos Avenue (EDSA) within the vicinity of Robinsons Galleria and approximately 7.20 kilometers southeast from Quezon City Hall.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.



Neighborhood 2.3 Bridgetowne is a mixed township and business park situated in a former industrial area on both banks of the Marikina River near the junction of Eulogio Rodriguez, Jr. Avenue (C-5 Road) and Ortigas Avenue. The 30.61-hectare (75.6-acre) master-planned community is the first integrated township project by Robinsons Land Corporation, the real estate arm of JG Summit. It is currently anchored by four office towers in its information technology park dedicated to the business process outsourcing sector, its second in Metro Manila after Robinsons Cybergate in Mandaluyong. Once completed, the township will be a community consisting of seven office towers, a shopping mall, five-star hotel and residential condominiums, with a landmark bridge and a light art installation called The Victor as its centerpiece. Upon completion, the Victor will be one of the country's tallest art installation.

Outside Bridgetowne, land utilization is for an intermix of residential, industrial and commercial purposes. Across E. Rodriguez, Jr. Avenue are exclusive, low-density villages such as Valle Verde 2, 5 and 6 and Greenmeadows Subdivision. Still noted near the Property are some industrial sites but recent developments point toward a gradual change in land use.

Some of the significant mixed-use developments nearby that are gradually changing the trend in the area include "Eastwood City", "The Grove" "Metropoli Residenza", "Ayala Land Eton Property" and "Frontera Verde".

Accessibility 2.4 The Property is easily accessible from the rest of Metropolitan Manila thru the nearby E. Rodriguez, Jr. Avenue (C-5 Road) and Ortigas Avenue Extension. Public Transportation such as buses, jeepneys, GT/UV Express Vans, and taxi cabs are readily available along the aforesaid roads.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificates of Title 2.5 Based on documents provided to us, the land where Tera Tower is erected consists of three (3) adjoining lots containing an aggregate area of **41,423.20 sq.m.**, technically identified as follows:

Lot No	TCT No.	Area (sq.m.)
Lot 2-A (LRC) Psd-284590	004-2011013463	2,259.30
Lot 2-A (LRC) Psd-242244	044-2012006183	10,612.90
Land (LRC) Pcs-668	004-2011010174	28,551.00

		41,423.20

The above Transfer Certificates of Title were all issued in favor of **the Client** by the Registry of Deeds for Quezon City.

Lot Area Allocation 2.6 Based on Lot Plan provided to us by the Client, the allocated land area for “Tera Tower” is about **3,871 sq. m.**

2.7 Image of the said Lot Plan is attached at Appendix **5**.

Draft Contract of Lease 2.8 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Tera Tower with an area of 3,871 sq.m. Lease term would be for a period of 98 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Tera Tower which is owned by the Lessee (plus VAT, as appliable).

2.9 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

[1] As of the date of this Valuation Report, application for the change in name from “Robinsons Realty and Management Corporation” to “RL Commercial REIT, Inc.” is pending the approval of the Philippine SEC.

Tenure 2.10 For purposes of this engagement, ownership rights to the land are treated as **leasehold.**

Terrain 2.11 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.12 The land is presently improved with a commercial/office building identified as Tera Tower, a PEZA registered, LEED Gold certified, Prime Grade office building, construction of which was completed sometime in August 2015. Also included in this appraisal are the appurtenant Building Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **11**).

Tenure 2.13 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.14 Based on the gross floor area tabulation provided to us by the Client, Tera Tower has a total gross floor area of about 52,248.86 sq.m.

2.15 The gross floor area of Tera Tower, are tabulated as follows:

Tera Tower	GFA (sq m)
Basement	3,438.83
Ground	1,421.87
2nd Floor	3,414.64
3rd Floor	3,414.64
4th Floor	3,414.64
5th Floor	3,414.64
6th Floor	2,248.64
7th Floor	2,248.64
8th Floor	2,248.64
9th Floor	2,248.64
10th Floor	2,248.64
11th Floor	2,248.64
12th Floor	2,248.64
14th Floor	2,248.64
15th Floor	2,248.64
16th Floor	2,248.64
17th Floor	2,248.64
18th Floor	2,248.64
19th Floor	2,248.64
20th Floor	2,248.64
21st Floor	2,248.64
	==========
Total	**52,248.86**

Condition

Scope of Inspection

2.16 As stated earlier, we have previously inspected the Property

2.17 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.18 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.19 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.20 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.21 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.22 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.23 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.24 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.25 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

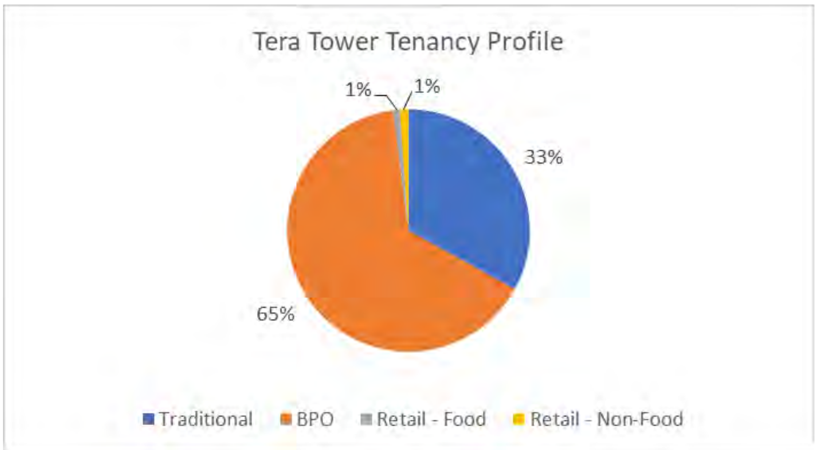
2.26 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.27 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, IN SQM)	Lease Contract START	END
Tenant 1	156.37	01-Jun-15	30-Jun-25
Tenant 2	90.98	01-Jun-15	07-Sep-23
Tenant 3	349.93	01-Jun-15	31-Aug-25
	11,243.20	01-Jun-15	31-Aug-25
Tenant 4	240.80	01-Jun-15	31-Jul-25
Tenant 5	53.97	03-Dec-19	02-Feb-23
Tenant 6	50.90	01-Mar-21	15-Jul-23
Tenant 7	85.27	16-Mar-20	30-Sep-25
Tenant 8	205.71	01-Jul-15	30-Jun-26
	8,675.38	01-Aug-15	30-Jun-26
	4,497.28	01-Oct-15	30-Jun-26
	4,497.28	01-Jan-16	30-Jun-26
	2,567.82	01-Sep-16	30-Jun-26
	2,248.64	01-Oct-18	30-Jun-26
Tenant 9	112.40	08-Jun-15	30-Nov-23
	11.33	08-Jun-15	30-Nov-23

2.28 Based on the rent roll provided, total leasable area is **35,087.26** sq.m. with **458** parking slots available for lease.

2.29 The Property currently hosts to a mix of traditional offices, Business Process Outsourcing (BPO) companies and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 65% of the Property's leasable area followed by traditional offices at 33%.



Source: SKF/ RLC

2.30 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 4.69 years. Earliest period with an expiring lease is 2023 with 1% of total leased area. This is then followed by sizeable lease expirations in 2025 and 2026, with 34% and 65% of leasable area.

Source: SKF/ RLC

2.31 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.32 Tera Drive and West Drive are about 20 meters wide. Both are concrete/asphalt-paved and provided with concrete curbs and gutters, and underground drainage system.

2.33 Our informal enquiries with the City Planning Office confirmed that the Property enjoys frontage along the bounding roads.

Access 2.34 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the adopted highways and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding 2.35 From our enquiries with the City Planning Office, and also due to its terrain, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination 2.36 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.37 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

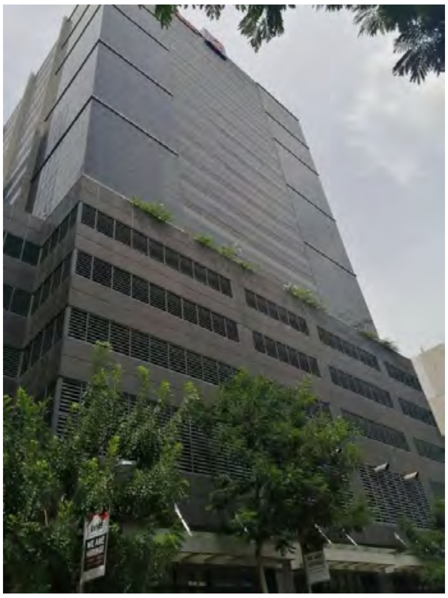
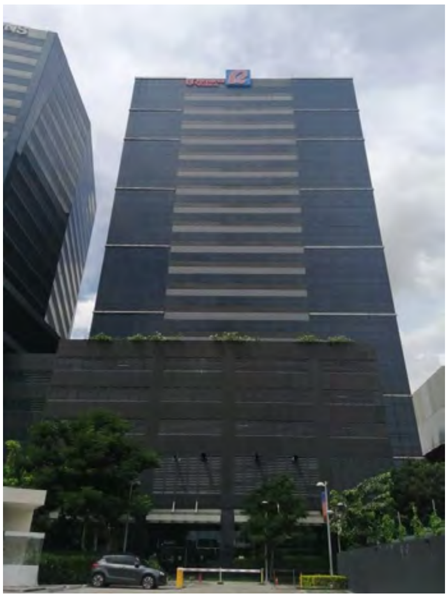
Highest and Best Use

2.38 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

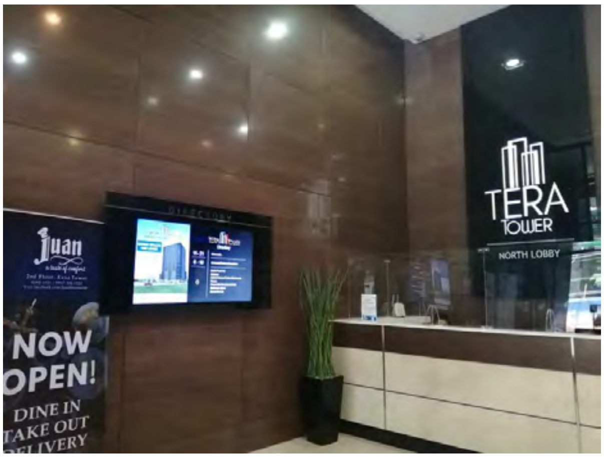
2.39 Considering the property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

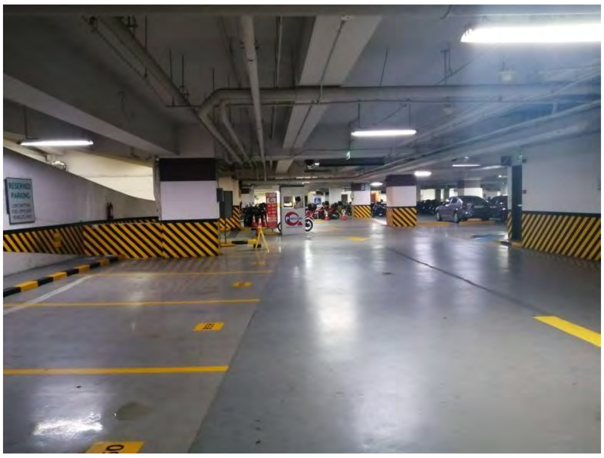
Photographs

(SKF File Photos)


Exterior Views of the Property





Interior Views of the Property

Elevator Machine Room

Air Conditioning System & Gondola

2.40 Other photographs of the Property are attached at Appendix **6**.

3 Market Analysis

Philippine Market Commentary

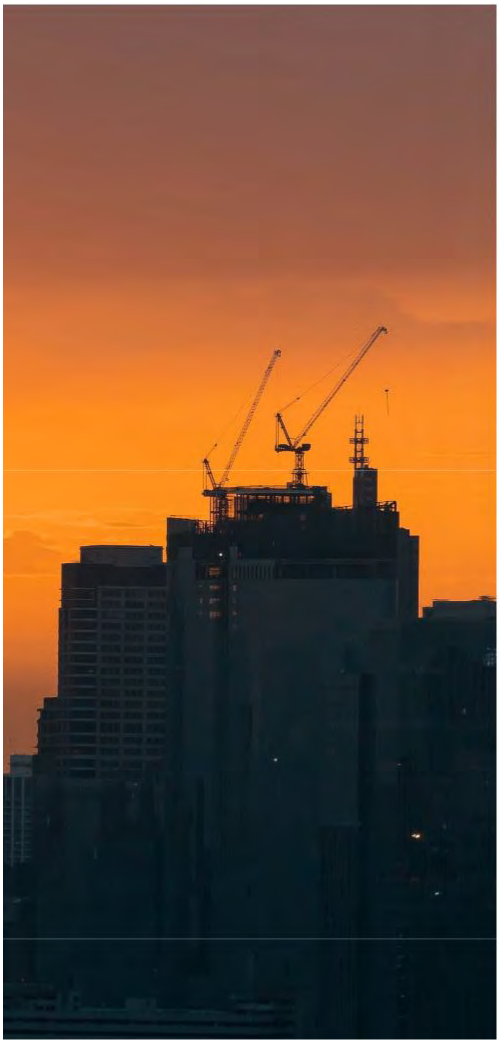
3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview



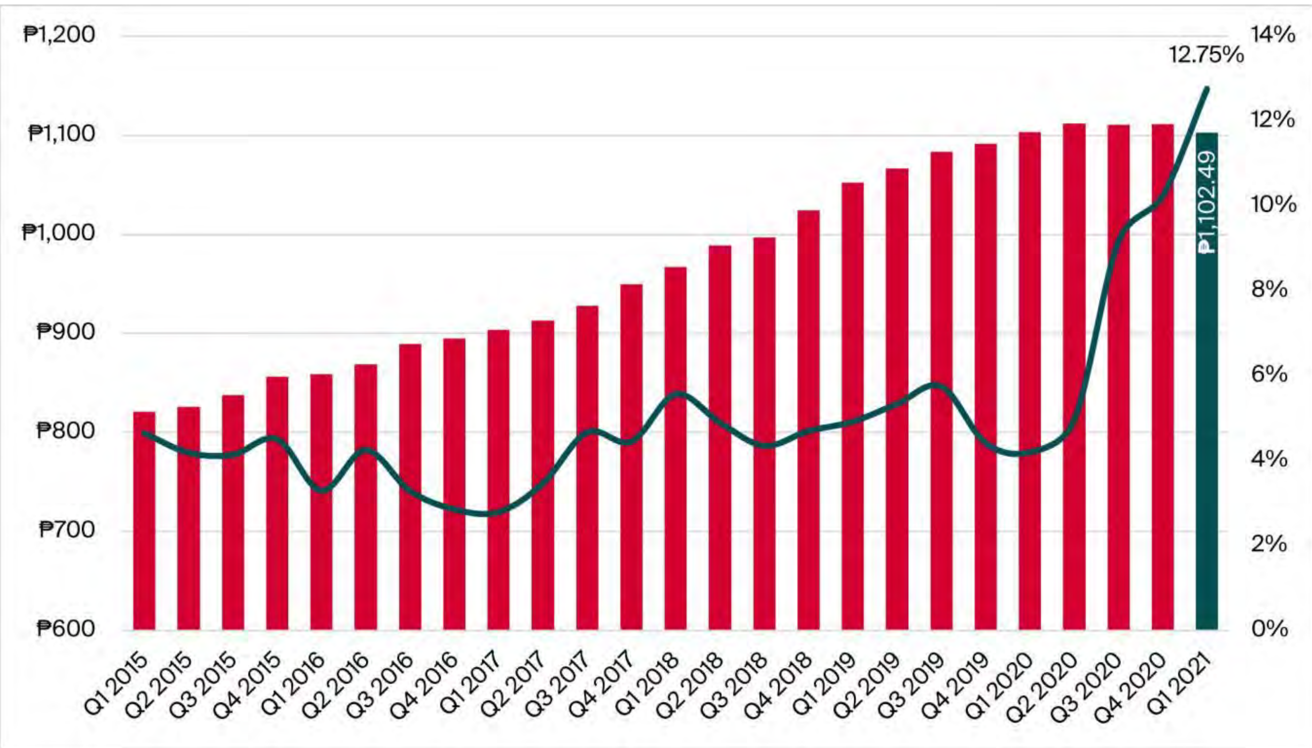
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



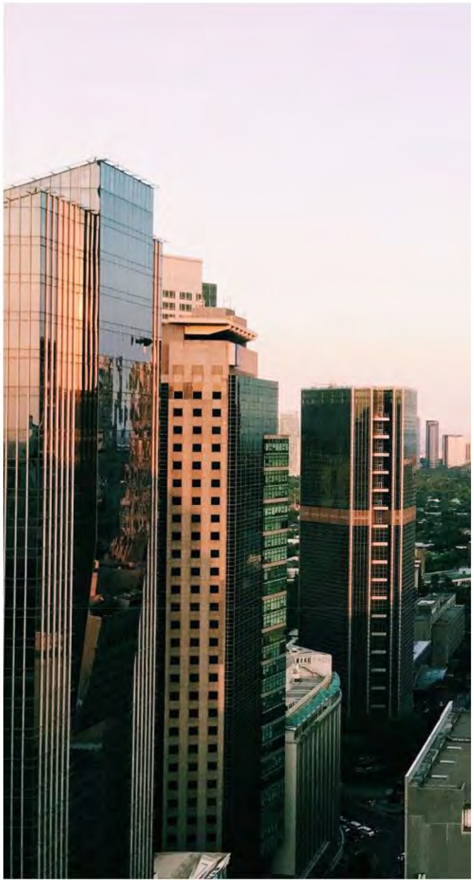
Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.



Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

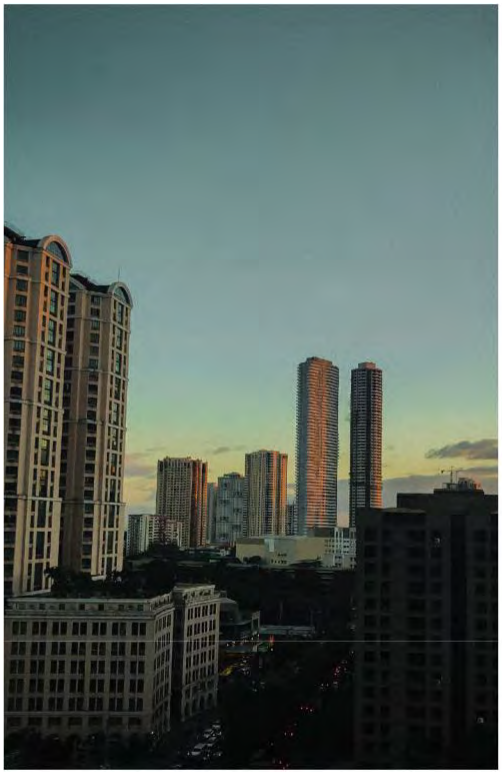
Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center



Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

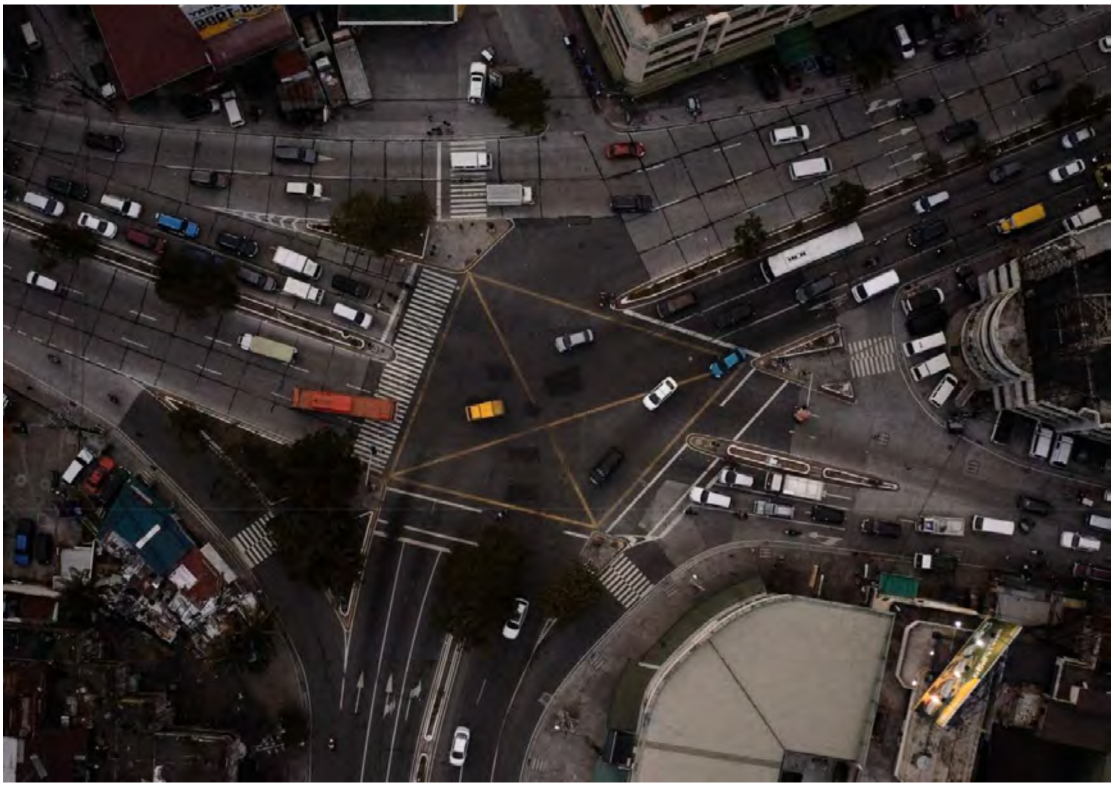
Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.



Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

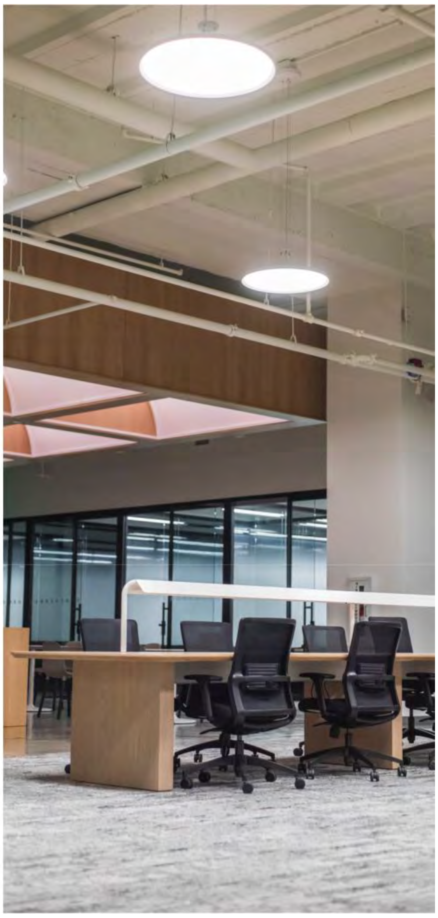
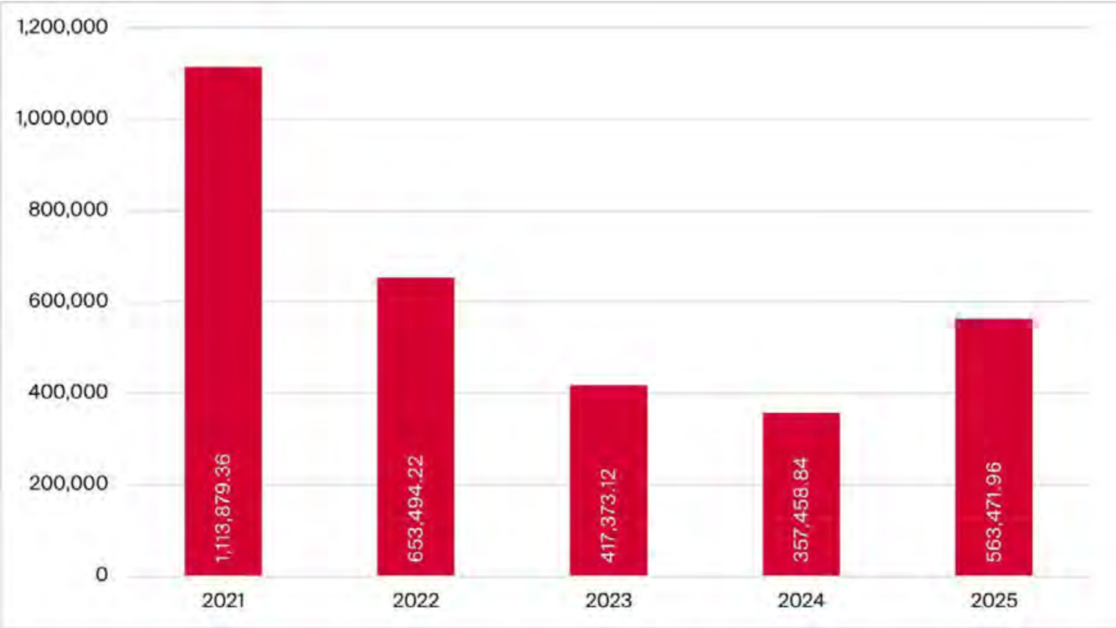


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while

the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot having a total area of 17,690 sq.m. located along A. Rodriguez Avenue, within Barangay Rosario, Pasig City, is currently offered for sale at an asking price of PhP2,653,500,000 or about PhP150,000 per sq.m.
   Source: Flora Bernardo (Cel. No. 0961-177-6868)
2. A commercial lot having a total area of 3,699 sq.m. located at Pasig Boulevard corner Shaw Boulevard, within Barangay Bagong Ilog, Pasig City, is currently offered for sale at an asking price of PhP665,820,000 or about PhP180,000 per sq.m.
   Source: Bahaypinas Realty Company (Cel. No. 0917-848-1224)
3. A commercial lot having a total area of 1,150 sq.m. with an old building, located at Bonny Serrano Avenue (Santolan Road), within Barangay Socorro, Quezon City, is currently offered for sale at an asking price of PhP250,000,000 or about PhP217,391 per sq.m.
   Source: Richard Aguiluz (Cel. No. 0929-841-9074)

Summary of Adjustments

The Data Comparison Grid shown on Appendix **10** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP195,000 per sq.m.**, or a total of **PhP755,000,000** for a land area of **3,871 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	755,000,000	
Interest on Land Value			
PhP755,000,000 @ 4%	PhP	30,200,000	
	Total **PhP**	**30,200,000**	**per year**
	Or **PhP**	**2,516,670**	**per month**

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP650 per sq. m. per month**, or a total of **PhP2,516,670 per month**, or say, **PhP30,200,000 per annum** for the subject land area of **3,871 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

4.17 For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.18 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification: Previous	Classification: Current Prevailing	Classification: Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.19 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.20 Remaining life of the lease as of the date of valuation is 98 years.

Summary of Leasehold Assumptions 4.21 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

TERA TOWER			
Lease Details			
Lot Area	:	3,871	sq.m.
Term of Lease	:	98	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	650.13	/sq.m./ month
Annual Rent	:	30,200,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.22 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP212,000,000**.

We attach a copy of our valuation calculations at Appendix **8**.

4.23 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **11** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.24 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis 4.25 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.26 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.27 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.28 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate 4.29 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
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1Y	1.6028	1.6037
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3Y	2.3365	2.3422
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7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium 4.3 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Management & Liquidity Risk 4.31 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Resulting Discount Rate 4.32 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate 4.33 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions 4.34 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. Occupancy rate includes committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of However, for the purposes of this valuation exercise, we are assuming an average vacancy allowance of 2%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

Operating Costs and Expenses are assumed to be an average of approximately 17% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition

Resulting Market Value 4.35

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.
b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

   The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **9**.

Direct Capitalization Method 4.36 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.37 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value 4.38 Market Value is defined in the 2019 **International Valuation Standards** as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.39 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.40 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.41 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption

4.42 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.43 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.44 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.45 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.46 Given the 98-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach	4.47	Using the **Cost Approach,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	**PhP212,000,000**
Building	**1,460,000,000**
Building Machinery & Equipment	**310,203,000**

	PhP1,982,203,000
	=============
	PhP1,982,000,000
	=============

4.48 The Market Value of the Property is estimated at **PhP1,982,000,000 (ONE BILLION, NINE HUNDRED EIGHTY-TWO MILLION PHILIPPINE PESOS)**

Using Income Approach 4.49 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP6,066,000,000**
Direct Capitalization Method	**PhP6,821,000,000**

Calculation 4.50 We attach a copy of our valuation calculations for the Income Approach at Appendix **8 & 9**.

Comments 4.51 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.52 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.53 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP6,066,000,000 (SIX BILLION, SIXTY-SIX MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation* *is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ……………………………. PhP6,066,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analyzed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. Client

Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. Purpose of Valuation

The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. Term & Termination

This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. **Electronic Communication**

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. **Acceptance**

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**
Our Ref:

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

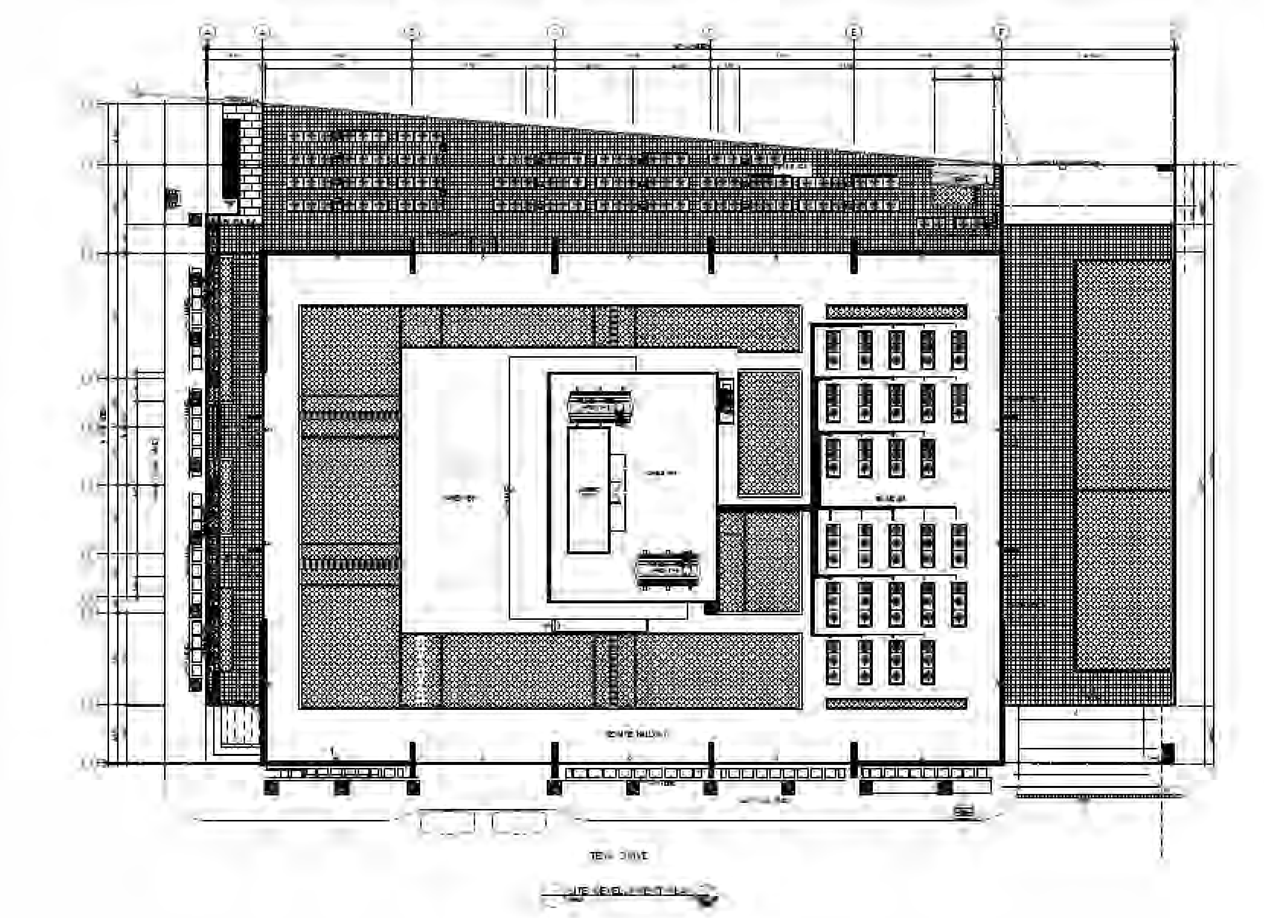
Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

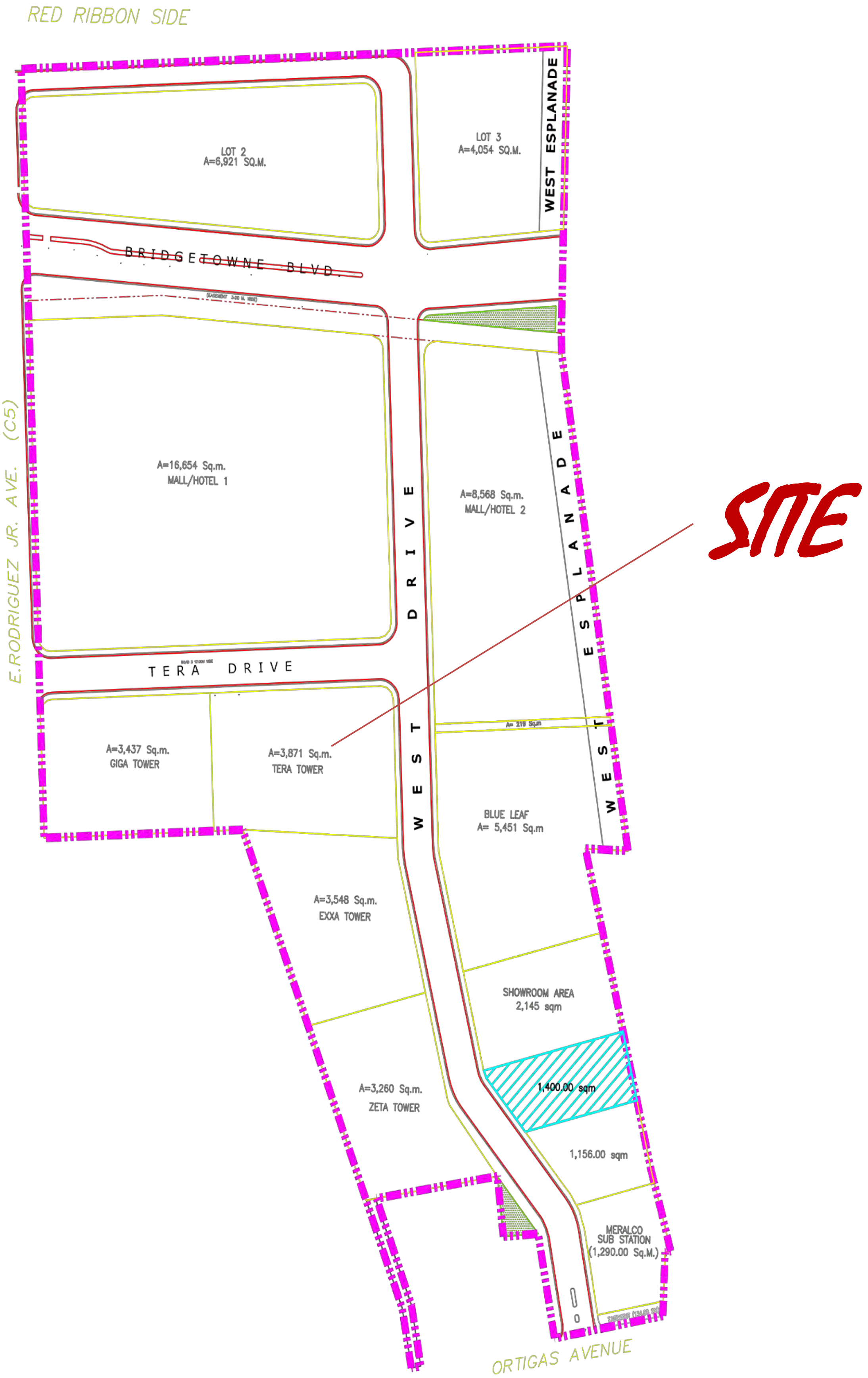
Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Site Development Plan



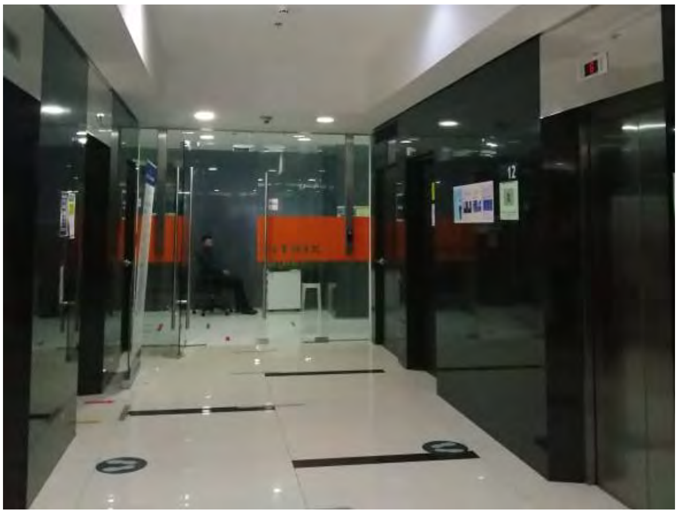
Appendix 5 - Lot Plan



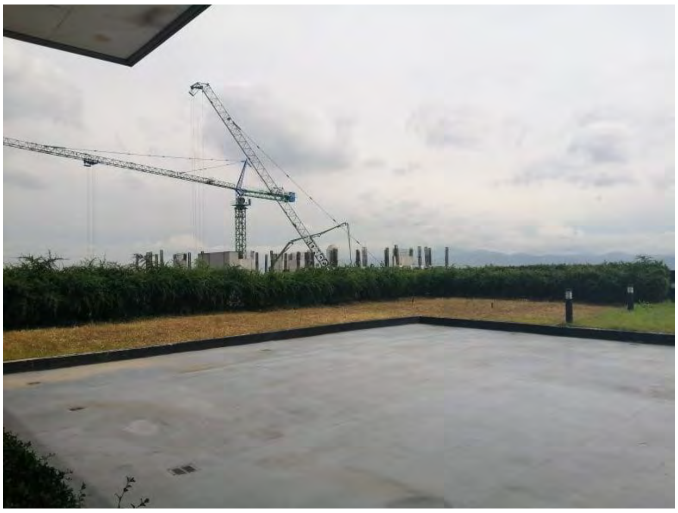
Appendix 6 - Photographs

(SKF File Photos)

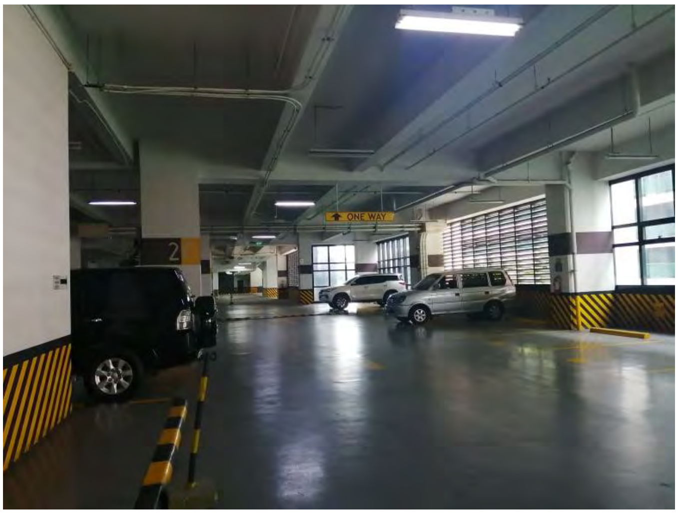
Ground Floor/Retail Areas

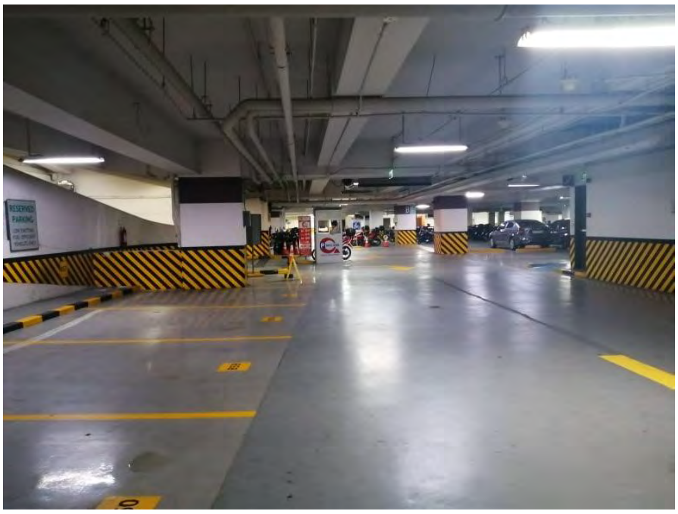



Hallways for Office Area

Roof Deck





Parking Area

MACHINERY AND EQUIPMENT

Air ventilation and Exhaust System

Electric Generators

Power Transformers

Water Transfer Pumps


Water Booster Pumps

Fire Pumps

Appendix 7 - Leasehold Value of the Land

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	75,050,135	5,253,509	7,612,055	2,358,545	0.966	2,277,313
2	January 01, 2022	December 31, 2022	302,820,981	21,197,469	31,106,000	9,908,531	0.901	8,924,688
3	January 01, 2023	December 31, 2023	312,566,448	21,879,651	32,039,180	10,159,529	0.840	8,536,159
4	January 01, 2024	December 31, 2024	324,075,745	22,685,302	33,000,355	10,315,053	0.784	8,084,732
5	January 01, 2025	December 31, 2025	333,823,976	23,367,678	33,990,366	10,622,688	0.731	7,766,651
6	January 01, 2026	December 31, 2026	337,878,776	23,651,514	35,010,077	11,358,563	0.682	7,746,900
7	January 01, 2027	December 31, 2027	351,034,651	24,572,426	36,060,379	11,487,954	0.636	7,308,908
8	January 01, 2028	December 31, 2028	367,638,083	25,734,666	37,142,191	11,407,525	0.593	6,770,277
9	January 01, 2029	December 31, 2029	383,998,991	26,879,929	38,256,456	11,376,527	0.554	6,298,396
10	January 01, 2030	December 31, 2030	393,613,211	27,552,925	39,404,150	11,851,225	0.516	6,120,525
11	January 01, 2031	September 30, 2031	312,739,147	21,891,740	30,356,310	8,464,569	0.490	4,149,983
12	January 01, 2032	December 31, 2032	428,333,111	29,983,318	41,803,863	11,820,545		
						Total Present Value of the Rental Gains		73,984,532
						Terminal Value of Leasehold Rights on the Land at Year 11		281,441,550
						Discounted at	0.490	137,984,283
						Total Value of Leasehold		211,968,815
								===========
						ROUNDED TO, say,		212,000,000
								===========

Appendix 8 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	TERA TOWER
PROPERTY ADDRESS:	:	Tera Drive cor West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	35,087.26 sq.m.
Total No. of Parking Slots	:	458

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	138,552,546	278,386,262	286,339,109	297,099,596	305,226,070	307,766,744	318,612,904	334,466,733	348,852,908	356,581,282	183,066,548	387,538,790
Parking Slots	11,173,769	23,518,713	25,173,737	25,793,639	27,496,548	29,127,433	31,356,734	32,074,348	34,267,176	36,398,778	19,462,452	40,078,214
Other Areas	3,437,226	7,096,025	7,432,508	7,796,300	7,914,092	7,880,084	8,228,985	8,599,821	8,715,621	8,666,074	9,049,775	9,457,599
Gross Leasing Revenues	153,163,541	309,001,001	318,945,355	330,689,536	340,636,711	344,774,261	358,198,623	375,140,901	391,835,705	401,646,134	211,578,776	437,074,603
Less: Vacancy Allowance	*3,063,271*	*6,180,020*	*6,378,907*	*6,613,791*	*6,812,734*	*6,895,485*	*7,163,972*	*7,502,818*	*7,836,714*	*8,032,923*	*4,231,576*	*8,741,492*
Net Leasing Revenues	150,100,270	302,820,981	312,566,448	324,075,745	333,823,976	337,878,776	351,034,651	367,638,083	383,998,991	393,613,211	207,347,200	428,333,111
Other Income												
Management Dues	19,326,241	38,337,380	38,337,380	38,337,380	38,337,380	40,254,249	40,254,249	40,254,249	40,254,249	40,254,249	19,961,696	42,266,962
Aircon Dues	14,976,635	29,709,085	29,709,085	29,709,085	29,709,085	31,194,539	31,194,539	31,194,539	31,194,539	31,194,539	15,469,073	32,754,266
NET REVENUES	184,403,146	370,867,446	380,612,913	392,122,210	401,870,441	409,327,564	422,483,439	439,086,872	455,447,780	465,061,999	242,777,969	503,354,339
OPERATING COSTS & EXPENSES												
Contracted Services	3,714,813	7,494,478	7,735,668	8,020,510	8,261,767	8,362,119	8,687,712	9,098,628	9,503,543	9,741,484	5,131,610	10,600,762
Repairs & Maintenance	3,125,918	6,306,409	6,509,364	6,749,051	6,952,063	7,036,506	7,310,484	7,656,260	7,996,985	8,197,206	4,318,116	8,920,266
Management Fee	6,031,223	12,167,738	12,559,324	13,021,782	13,413,479	13,576,406	14,105,026	14,772,173	15,429,576	15,815,887	8,331,478	17,210,978
Loss from CUSA												
Power Charges - net	376,609	759,794	784,246	813,123	837,582	847,756	880,764	922,423	963,474	987,596	520,245	1,074,710
Water Charges - net	105,035	211,904	218,724	226,778	233,599	236,437	245,643	257,261	268,710	275,438	145,095	299,734
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	364,332	735,024	758,679	786,615	810,276	820,118	852,051	892,352	932,064	955,400	503,285	1,039,674
Miscellaneous Expense	929,111	929,111	929,111	929,111	929,111	929,111	929,111	929,111	929,111	929,111	460,737	929,112

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	TERA TOWER
PROPERTY ADDRESS:	:	Tera Drive cor West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	35,087.26 sq.m.
Total No. of Parking Slots	:	458

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		1,690,954	3,400,809	3,490,173	3,595,712	3,685,102	3,753,483	3,874,121	4,026,372	4,176,400	4,264,561	2,226,244	2,226,244
Taxes & Licenses		3,956,879	7,849,243	8,084,720	8,084,720	8,084,720	8,084,720	8,327,262	8,327,262	8,327,262	8,327,262	4,253,292	8,577,080
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	
Commission Expense		-	-	43,467	-	1,750,768	3,317,385	-	50,773	-	2,045,340	1,973,255	-
Insurance Expense		1,217,464	2,448,536	2,512,878	2,588,864	2,653,224	2,702,457	2,789,315	2,898,934	3,006,952	3,070,426	1,602,866	3,323,240
Communication		8,434	16,962	17,408	17,934	18,380	18,721	19,323	20,082	20,830	21,270	11,104	23,021
Rent Expense		5,253,509	21,197,469	21,879,651	22,685,302	23,367,678	23,651,514	24,572,426	25,734,666	26,879,929	27,552,925	14,514,304	29,983,318
Supplies Expense		197,625	397,458	407,902	420,237	430,684	438,676	452,775	470,569	488,103	498,406	260,185	539,444
Travel & Transportation		1,915	3,851	3,953	4,072	4,173	4,251	4,387	4,560	4,730	4,830	2,521	5,227
Representation & Entertainment		191	384	394	406	416	424	437	455	472	482	251	521
TOTAL COSTS & EXPENSES		26,974,012	63,919,170	65,935,660	67,944,217	71,433,023	73,780,084	73,050,837	76,061,880	78,928,138	82,687,623	44,254,587	84,753,331
NET OPERATING INCOME		157,429,134	306,948,275	314,677,253	324,177,993	330,437,418	335,547,480	349,432,602	363,024,991	376,519,642	382,374,377	198,523,382	418,601,008
CAPEX	1.5%	2,251,504	4,542,315	4,688,497	4,861,136	5,007,360	5,068,182	5,265,520	5,514,571	5,759,985	5,904,198	3,110,208	6,424,997
NOI after CAPEX		155,177,630	302,405,961	309,988,756	319,316,857	325,430,059	330,479,299	344,167,083	357,510,420	370,759,657	376,470,178	195,413,174	412,176,012
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		148,580,583	265,642,031	249,819,243	236,088,752	220,741,819	205,657,577	196,491,282	187,256,181	178,161,324	165,968,260	82,544,636	159,731,745

Total Present Worth of Cashflows		2,136,951,688
Terminal Value of Property at 11Y	4.5%	9,302,244,630
Discounted at	0.42	3,929,368,660

TOTAL PROPERTY VALUE	6,066,320,348
Rounded to, say	6,066,000,000

Appendix 9 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	TERA TOWER
PROPERTY ADDRESS:	:	Tera Drive cor West Drive, Bridgetowne, Brgy. Ugong Norte, Quezon City
TOTAL LEASABLE AREA:	:	35,087.26 sq.m.

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	278,386,262
Parking Slots	23,518,713
Other Areas	7,096,025
Gross Leasing Revenues	309,001,001
Less: Vacancy Allowance	6,180,020
Net Leasing Revenues	302,820,981
Other Income	
Management Dues	38,337,380
Aircon Dues	29,709,085
NET REVENUES	370,867,446
OPERATING COSTS & EXPENSES	
Contracted Services	7,494,478
Repairs & Maintenance	6,306,409
Management Fee	12,167,738
Loss from CUSA	-
Power Charges - net	759,794
Water Charges - net	211,904
Aircon Dues (Expense)	-
Others	735,024
Miscellaneous Expense	929,111
General and Administrative Expense	-
Salaries & Wages	3,400,809
Taxes & Licenses	7,849,243
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	2,448,536
Communication	16,962
Rent Expense	21,197,469
Supplies Expense	397,458
Travel & Transportation	3,851
Representation & Entertainment	384
TOTAL COSTS & EXPENSES	63,919,170
	-
NET OPERATING INCOME	306,948,275
Capitlization Rate	4.5%
TOTAL PROPERTY VALUE	6,821,072,787
Rounded to, say	6,821,000,000

Appendix 10 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Tera Drive corner West Drive, Bridgetowne, Barangay Ugong Norte, Quezon City	Amang Rodriguez Avenue, within Barangay Rosario, Pasig City		Pasig Boulevard corner Shaw Boulevard within Barangay Bagong Ilog, Pasig City		Bonny Serrano Avenue (Santolan Road) within Barangay Socorro, Quezon Cityy	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		2,653,500,000.00		665,820,000.00		250,000,000.00	
Size (sq. m.) - Total Area	3,871.00	17,690.00		3,699.00		1,150.00	
Price Per sq.m. (Unadjusted)		PHP 150,000.00		PHP 180,000.00		PHP 217,391.30	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			150,000.00		180,000.00		217,391.30
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-10%	Allowance	-10%
Adjusted Price			135,000.00		162,000.00		195,652.17
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			135,000.00		162,000.00		195,652.17
PHYSICAL ADJUSTMENTS							
Location	Tera Drive corner West Drive, Bridgetowne, Barangay Ugong Norte, Quezon City	Amang Rodriguez Avenue, within Barangay Rosario, Pasig City		Pasig Boulevard corner Shaw Boulevard within Barangay Bagong Ilog, Pasig City		Bonny Serrano Avenue (Santolan Road) within Barangay Socorro, Quezon Cityy	
Comparison/Adjustment		inferior	20%	inferior	15%	inferior	15%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size of Lot	3,871.00	17,690.00		3,699.00		1,150.00	
Comparison/Adjustment		inferior	20%	equal	0%	superior	-5%
Shape	rectangular	regular		regular		regular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary road (corner lot)	main road		main road (corner lot)		main road	
Comparison/Adjustment		equal	0%	superior	-5%	equal	0%
Zoning	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			40%		20%		20%
Total Net Adjustments			40%		10%		10%
Final Adjusted Price (Net Adjustment Basis)		189,000.00		178,200.00		215,217.39	
Weight		17.00%		41.50%		41.50%	
Weight Equivalent		32,130.00		73,953.00		89,315.22	
Value per sqm		195,398.22					
ROUNDED TO		195,000.00	per sq.m.				
Total Area		3,871.00	sq.m.				
MARKET VALUE		755,000,000					

Appendix 11 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
Tera Tower - As seen during our inspection for the previous valuation done, this is a twenty (20)-storey, reinforced concrete-framed building with one (1) basement level and a roof deck. The ground floor is being utilized as lobby and for retail purposes. The second up to the fifth floor as well as the basement level are used as parking areas with some office and equipment rooms while the rest of the upper floors are used as offices. Some equipment rooms, meanwhile, can also be found at the roof deck. Tera Tower is a Gold LEED (Leadership in Energy and Environment Design) certified building. Construction was reportedly completed sometime in August 2015. Some of the energy efficient and environment-friendly features of the building include double glazed glass windows that allow natural light into the building while blocking out noise and heat; LED lighting for common areas; water recycling for plant irrigation; column-free office spaces; disabled-friendly ramps; and garden. Other construction features include partly granite tiles and plastered cement finish precast concrete exterior walls and mainly double glazed glass curtain walls; concrete slab roofing with waterproofing membrane; mainly granite tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on parking areas; mainly granite tiles finish concrete partitions in lobbies; mainly gypsum board and fiber cement board ceiling in common areas; and frameless glass main entrance doors. The office units during handover to the tenants reportedly have plain cement finish concrete flooring, acoustic board on aluminum T-runner ceiling (uninstalled) and electrical lighting facilities. The retail units, meanwhile, have plain cement finish concrete flooring, open ceiling and electrical lighting facilities upon turnover to the tenants. All interior works done on the leased areas were reportedly shouldered by the tenants and were, therefore, excluded in this report. The building is painted and provided with electrical lighting and plumbing facilities, and 2 concrete cisterns at the basement with a capacity of about 60,000 gallons each. It is also provided with building machinery and equipment such as elevators and air conditioning system, among others, described and valued in the succeeding sections of this report. The building is connected to Giga Tower from Basement to 5th Floor. Reportedly, the connection of the two towers, which is not part of this valuation, was built sometime in 2019. Based on information provided to us by the client, total gross floor area of the building is approximately 52,248.86 sq. m.	**1,460,000,000**

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BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators	
5-Passenger Elevators- Schindler, 1,350 kgs., 20 persons capacity, 16 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	45,012,000
Passenger Elevator- Schindler, 1,350 kgs., 20 persons capacity, 17 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	9,565,000
Service Elevator- Schindler, 2,000 kgs., 20 persons capacity, 22 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	16,776,000
Parking Elevator- Schindler, 1,350 kgs., 20 persons capacity, 6 landings, machine less room, complete with electric drive motor, control panel, wires, cables and other standard accessories	3,069,000
Total for Elevators -	**74,422,000**

Air Conditioning and Ventilating System

Lot-Air Conditioning System-
Mitsubishi Electric Citi Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprsing of:
ACCU Outdoor Unit -
50 kw cooling capacity series
61 - ACCU Outdoor Units -
45 kw cooling capacity series
61 - ACCU Outdoor Units -
38 kw cooling capacity series
61 - ACCU Outdoor Units -
33 kw cooling capacity series
180-ERV Units-

300 - ACCU Indoor Units (FCU) -
Ceiling mounted, ranges from 2.5 to 5 TR cooling capacity
300 - ACCU Indoor Units (FCU) -
Ceiling concealed type, 2.5 TR cooling capacity each
17 - ACCU Indoor Units (FCU) -
Ceiling concealed type, ranges from 4.5 to 8 TR cooling capacity
Air Handling Unit-
Mitsubishi Electric Co., unitary package ducted type, 20 TR capacity
Note: Located at Second Floor
4-Air Conditioning Units-
Carrier, window type, 2.5 kw capacity
Note: Located at Machine Rooms
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories
Note: Installed in various locations 117,911,000

Lot-Air Ventilation and Exhaust System-
Consisting of:
7-Jet Fans-
Jet type, driven by 320 watts motor
Note: Located at Basement
Smoke Evacuation Fan-
Niagara, driven by 3.73 kw electric motor
Note: Located at Roofdeck
Pressurization Evacuation Fan-
Niagara, driven by 3.73 kw electric motor
Note: Located at Roofdeck
2-Pressurization Evacuation Fans-
Niagara, driven by 5.6 kw electric motor
Note: Located at Roofdeck
32-Exhaust Fans-
Niagara, driven by .144 kw electric motor
Note: Located at Comfort Rooms
2-Exhaust Fans-
Niagara, driven by 2.24 kw electric motor
Note: Located at Roofdeck
15-Exhaust Fans-
Niagara, driven by .04 kw electric motor
Note: Located at Ground to 5th Floors
15-Exhaust Fans-
Niagara, driven by .04 kw electric motor
Note: Located at Ground to 5th Floors
8-Exhaust Fans-
Niagara, driven by .75 kw electric motor
Note: Located at Ground to 2nd Floors
13-Exhaust Fans-

Niagara, drive motor ranges from 0.75 kw to 2.2 kw

Note: Located at Basement

Fresh Air Fan-

Niagara, driven by 1 kw electric motor

Note: Located at Basement

System complete with ductings installations, electrical and controls system and other standard accessories — 2,213,000

Total for Air Conditioning and Ventilating System - 120,124,000

Lot-Building Management System-

Consisting of:

CPU (Air Conditioning System)-

HP, Core i7 with keyboard and mouse

LCD Monitor-

HP

UPS-

Intex 650 VA

CPU (Elevator)-

Transformer type console

LCD Monitor-

Claxan

System complete with electrical wiring installations and other standard accessories — **5,486,000**

Lot-Standby Power Supply and Electrical Power Distribution System-

System consisting of:

3-AC Electric Generating Set-

Leroy Somer, Model MG-L51S58, May 2014 Mfg Date, Ser \. Nos. 068673001, 068673002 and 068673003, 2165 kva (1732 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:

16 Cylinder Diesel Engine-

Mitsubishi, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation

Generator Synchronizing Panel-

Metal clad casement, free standing with 6 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories

Fuel Day Tank-

Mild steel plate of welded construction, 14,000 liters capacity

Fuel Storage Tank-

Mild steel plate of welded construction, 80,000 liters capacity

Note: Located at Basement

2-Fuel Pumps-

Tuthill, rotary gear type, driven by 5.5 kw electric motor
Note: Located at Basement
2-Power Transformers-
No available brand, 2.5 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Vacuum Fault Interrupter-
Cooper, metal clad casement, 2 swing-out door panels
Low Voltage Switchgear-
Metal clad casement, free standing with 9 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
Main Distribution Panel-
Metal clad casement, free standing with 1 vertical section, 1,250 amperes rating
Automatic Transfer Switch-
Metal clad casement, free standing with 1 vertical section, 1,000 amperes rating
2-Capacitor Banks-
Metal clad casement, free standing with 2 swing-out door panels, approx. 800 kvar capacity, 400 volts
System complete with electrical wiring installations, piping connections, contactors, relays and other standard accessories **87,511,000**

Lot-Water Supply and Sewerage System-
Consisting of:
2-Water Storage Tanks-
Stainless steel construction, 5,000 gallons capacity
Note: Located at Roof Deck
2-Booster Pumps-
Goulds Water Technology, centrifugal type, driven by 2.2 kw electric motor, equipped with;
Pressure Tank-
Super Flow, GWS, mild steel construction, 850 liters capacity
Note: Unut located near Upper Deck Machine Room
Rain Water Storage Tank-
Stainless steel construction, 5,000 gallons capacity, 4570 mm x 2745 mm x 2440 mm overall dimensions, equipped with;
2-Booster Pumps-
Lowara, vertical turbine type, driven by 5.5 kw electric motor
Pressure Tank-
Super Flow, GWS, mild steel construction, 850 liters capacity
Note: Located at Basement
2-Transfer Pumps-
Worthington, vertical turbine type, 180 gpm capacity, driven by 18.5 kw electric motor
Note: Located at Basement
2-Sump Pumps-

Submersible type, driven by 8.2 kw electric motor

Note: Located at Basement

System complete with piping connections, valves and fittings, controls and other standard accessories	**3,998,000**

Lot-Automatic Fire Fighting, Fire Protection and Alarm System

Consisting of:

Fire Pump-

AC Fire Pump, vertical turbine type, 750 gpm capacity, driven by 75 kw electric motor

Fire Pump-

AC Fire Pump, vertical turbine type, 750 gpm capacity, driven by 4 Cylinder Clarke / John Deere Diesel Engine

Jockey Pump-

Submersible type, driven by 5.6 kw electric motor

Automatic Transfer Switch-

Metal clad casement, free standing, 1,200 amperes

2-Fire Pump Controllers-

Eaton

Jockey Pump Controller-

Eaton

40-Fire Hose Cabinets-

Aluminum frame with glass panel door, wall mounted, complete with fire hose, nozzle and 10 lbs dry chemical type fire extinguisher

System complete with automatic sprinkler heads, 2 FDAS Protec Algo Tec 6300 with lcd repeat display, fire extinguishers, smoke and heat detectors, fire alarm bells, burglar alarm, piping connections, valves, fittings, and other standard accessories

Note: Installed in various locations.	**9,118,000**

Lot-Sewage Treatment Plant -

Approximately at an average of 100 to 150 cubic meters per day effluent working capacity, complete with 2 - 3.12 kw air blowers, 2 effluent pumps, 2 influent pumps, sump pump, 4 carbon filters, air diffusers, valves, fittings, piping installations, collecting chamber tanks, controls and other standard accessories	**3,411,000**

Lot-CCTV Security Monitoring System-

Consisting of:

82-CCTV Cameras-

Fix dome type

2-CCTV Camera-

Moving type

6-LCD Monitors-

Samsung, 32" screen size

6-DVR-

GMG Advanced K.264

Switch-

EN Genius, EGS5110P
4-UPS-
Liebert Eaton / AWD
AVR-
Auto Stac, ST-1500W
System complete with controller, electrical and wiring installations, controls and other standard accessories **2,611,000**

<u>**Others**</u>

Walkthrough Metal Detector-	171,000
Seismic Accelorographs-	
IMV Corp., wall mounted, digital display	1,472,000
Gondola-	
MHE Demag, 2015 year model, 200 kgs capacity, complete with cage, winch, weights, drive motor and other standard accessories	1,804,000
2-Parking Boom Barriers-	
Nice, with 6 meters long tubular barrier	75,000

Total for Others -	**3,522,000**

Total for Building Machinery & Equipment -	**310,203,000**

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Luisita Office 1 -
Luisita Business Complex
Barangay San Miguel, Tarlac City
Province of Tarlac, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Luisita Office 1, Luisita Business Complex, Barangay San Miguel, Tarlac City, Province of Tarlac		
Description	The Property comprises land (leasehold), building, and building machinery & equipment of a property identified as Luisita Office 1, a PEZA registered, Grade B office building, located within Luisita Business Complex, beside or east of Robinsons Luisita, about 150 meters east from McArthur Highway, Barangay San Miguel, Tarlac City.		
Land Area	2,806.45 sq.m.		
Gross Floor Area	5,969.19 sq.m	**Gross Leasable Area**	5,785.65 sq.m.
Occupancy	100%	**WALE**	6.25 years
Ave. Lease Rate	PhP499/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE (Income Approach)	**PhP620,000,000** **SIX HUNDRED TWENTY MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Vincent S. Lano
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building, and building machinery & equipment of a site identified as Luisita Office 1, located within **Luisita Business Complex, Barangay San Miguel, Tarlac City, Province of Tarlac, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix 2. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.14 The valuation process was performed by **Raymond F. Dechavez** and **Vincent S. Lano**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection

1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations

1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- gross floor area tabulation
- title
- lot area allocation
- site development plan
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property, identified as Luisita Office 1, is located at the southwest corner of two unnamed roads, within Luisita Business Complex beside or east of Robinsons Luisita, Barangay San Miguel, Tarlac City, Province of Tarlac, Philippines.

The Property is located across Luisita Office 2, also being tenanted by Sitel, about 150 meters east from McArthur Highway, some 200 meters southeast from Toyota Tarlac City, 600 meters southwest from Microtel Tarlac, almost a kilometer southwest from Central Park Hotel, some 5.1 kilometers southeast from SM City Tarlac, about 7.3 kilometres southwest from Hacienda Luisita SCTEx Exit and approximately 6.2 kilometers southeast from Tarlac City Hall.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood 2.3 The Property is located in an area where land development is generally for commercial purposes. Aside from the Property, other commercial/retail developments can be found within Luisita Business Complex such as “Robinsons Luisita”, “Starbucks”, “Max’s”, “McDonald’s” and “Toyota Tarlac City” among others.

The Property was formerly a part of the Hacienda Luisita, a 6,453-hectare sugar plantation owned by the Cojuangco’s. Nearby areas are generally characterized by a mixture of commercial, industrial and residential developments. Some of the notable developments within Hacienda Luisita include Microtel Inn and Suites, Aquino Center & Museum, Luisita Central Park Hotel, Las Haciendas Luisita Subdivision, Luisita Industrial Park, Luisita Techno Park and Central Azucarera de Tarlac.

Accessibility 2.4 The Property fronts an unnamed road which connects to McArthur Highway making the site accessible from other sections of Tarlac City as well as the neighboring towns of Tarlac and the rest of Central Luzon. Public transport like buses, jeepneys, tricycles and UV Express are available throughout the day along McArthur Highway.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificate of Title 2.5 The land where the Property is erected consists of a lot technically identified as Lot 2-B-1-D-2, Psd-03-149567 containing an area of **12,703 sq. m.**, more or less, covered by Transfer Certificate of Title No. 423148 issued in favor of **the Client** on June 27, 2007 by the Registry of Deeds for Tarlac City.

Lot Area Allocation 2.6 The land site is shared by another building identified as Robinsons Luisita, which is not covered by this valuation. Based on information provided to us by the Client, land area share or allocated land site for "Luisita Office 1" is about **2,806.45 sq.m.**

Draft Contract of Lease 2.7 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Luisita Office 1 with an area of 2,806.45 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Luisita Office 1 which is owned by the Lessee (plus VAT, as appliable).

2.8 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure 2.9 For purposes of this engagement, ownership rights to the land are treated as **leasehold.**

Terrain 2.10 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.11 The land is presently improved with an office building identified as Luisita Office 1, a PEZA registered, Grade B office building, construction of which was completed sometime in January 2018. Also included in this valuation are the appurtenant building machinery & equipment. These are all described in detail in the Schedule of Assets (Appendix **9**).

Tenure 2.12 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.13 Based on the gross floor area tabulation provided to us by the Client, the building has a total gross floor area of approximately 5,969.19 sq.m.

2.14 The Gross Floor Area is tabulated as follows:

[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

Floor	Description	Floor Area (sq.m.)
Ground	Lobby, Pantry, Office Units	1,993.59
Second	Office Units	1,987.80
Third	Office Units	1,987.80

	Total	**5,969.19**

Condition

Scope of Inspection

2.15 As stated earlier, we have previously inspected the Property.

2.16 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.17 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.18 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.19 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.20 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.21 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.22 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.23 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.24 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage treatment plant.

Tenancies

Tenancy Information

2.25 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.26 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract	
		Start	End
Tenant 1	1,987.80	1-Jul-17	30-Sep-27
	1,894.18	1-Jul-17	30-Sep-27
	1,903.67	1-Jul-17	30-Sep-27

2.27 Based on the rent roll provided, total leasable area is **5,785.65** sq.m. It is currently being occupied by a single tenant involved in the BPO industry.

2.28 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 6.25 years. All leases are expected to expire by 2027.

2.29 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the

Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways 2.30 The fronting roads are both 10 meters wide, concrete-paved and provided with concrete curbs and gutters, cemented sidewalks and underground drainage system. Meanwhile, McArthur Highway is about 20 meters wide, and concrete/asphalt-paved.

2.31 Our informal enquiries with the City Assessor's Office – Tax Mapping Division confirmed that the Property enjoys frontages along the bounding roads.

Access 2.32 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding 2.33 From our enquiries with **DOST-UP and Phil-LiDAR Program (City of Tarlac, 5 Year Flood Hazard Map),** we have ascertained that the Property is not within an indicative floodplain and that there is therefore a **minimal risk** of flooding.

Contamination 2.34 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.35 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

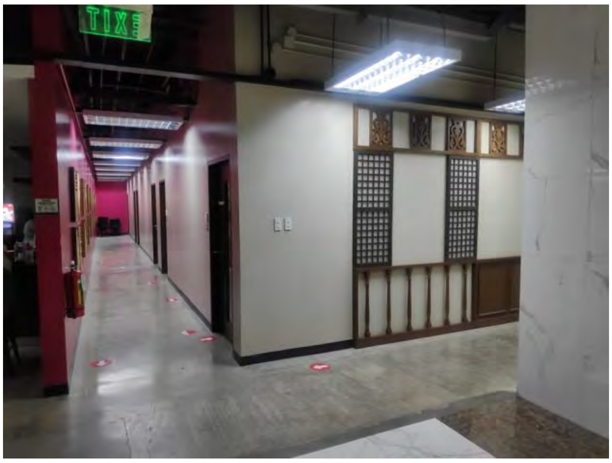
2.36 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.37 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)



2.38 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

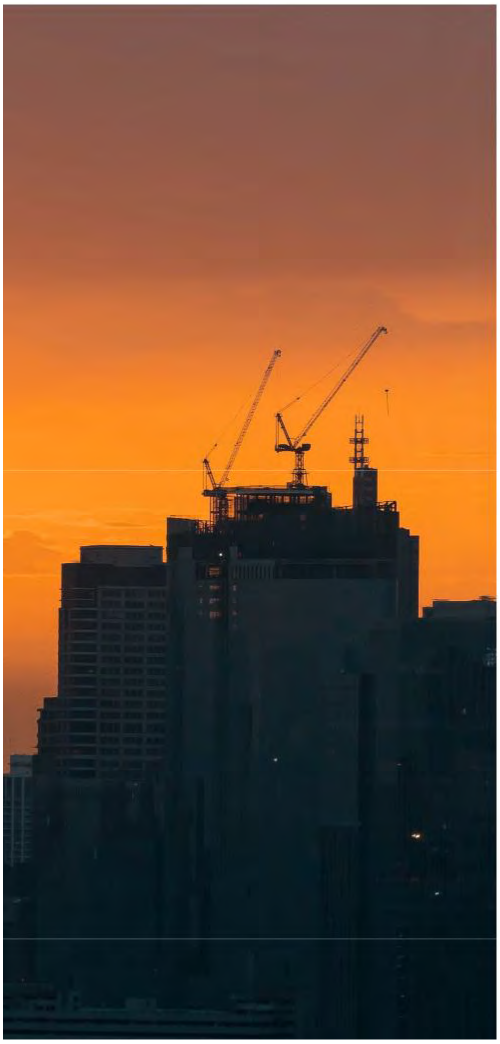
3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview



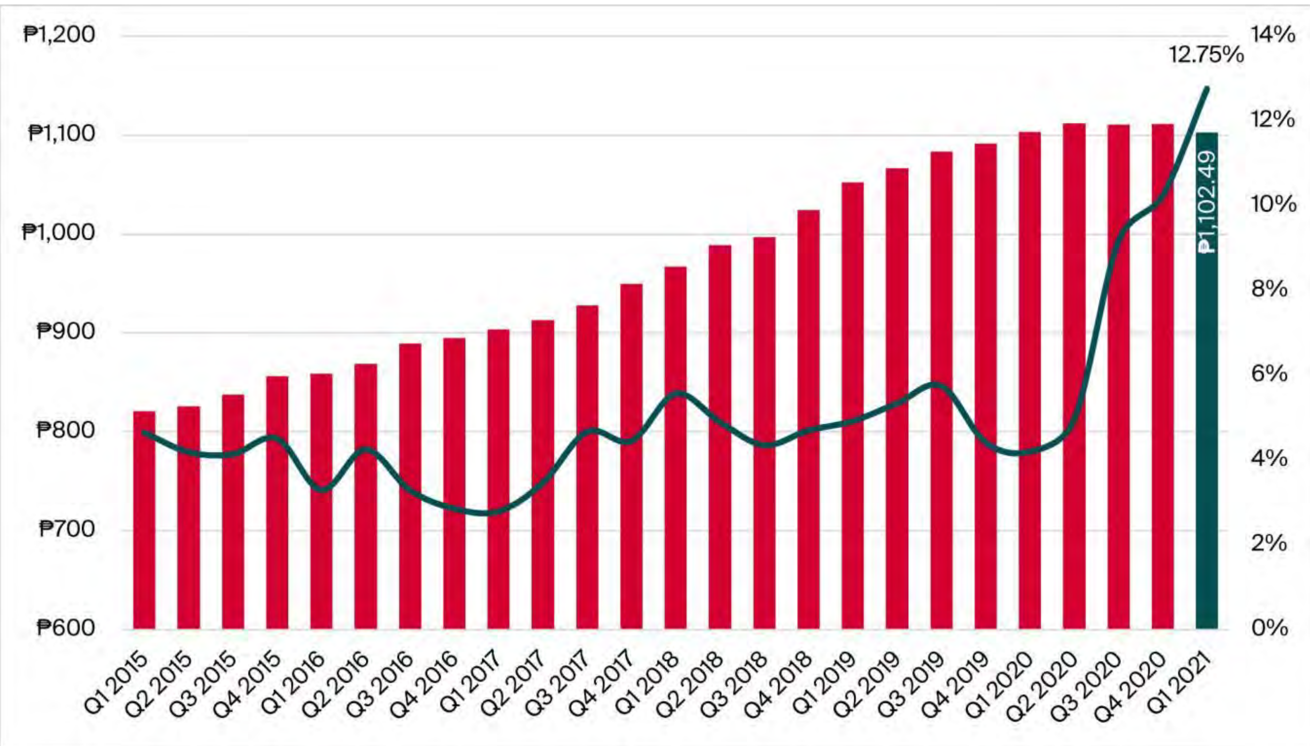
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenan

Figure 1. Metro Manila Historical Lease & Vacancy Rates



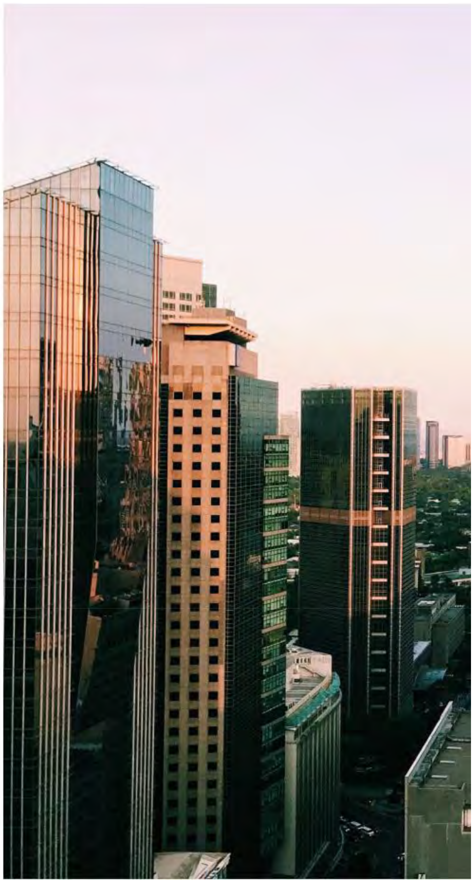
Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.



Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

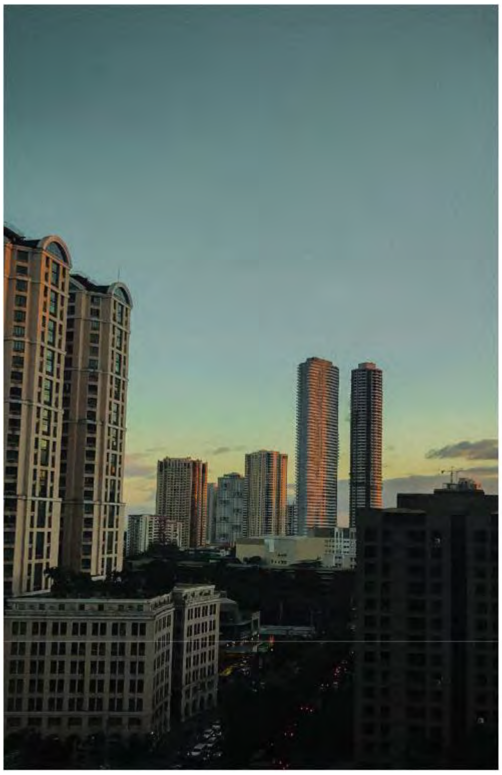
Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center



Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

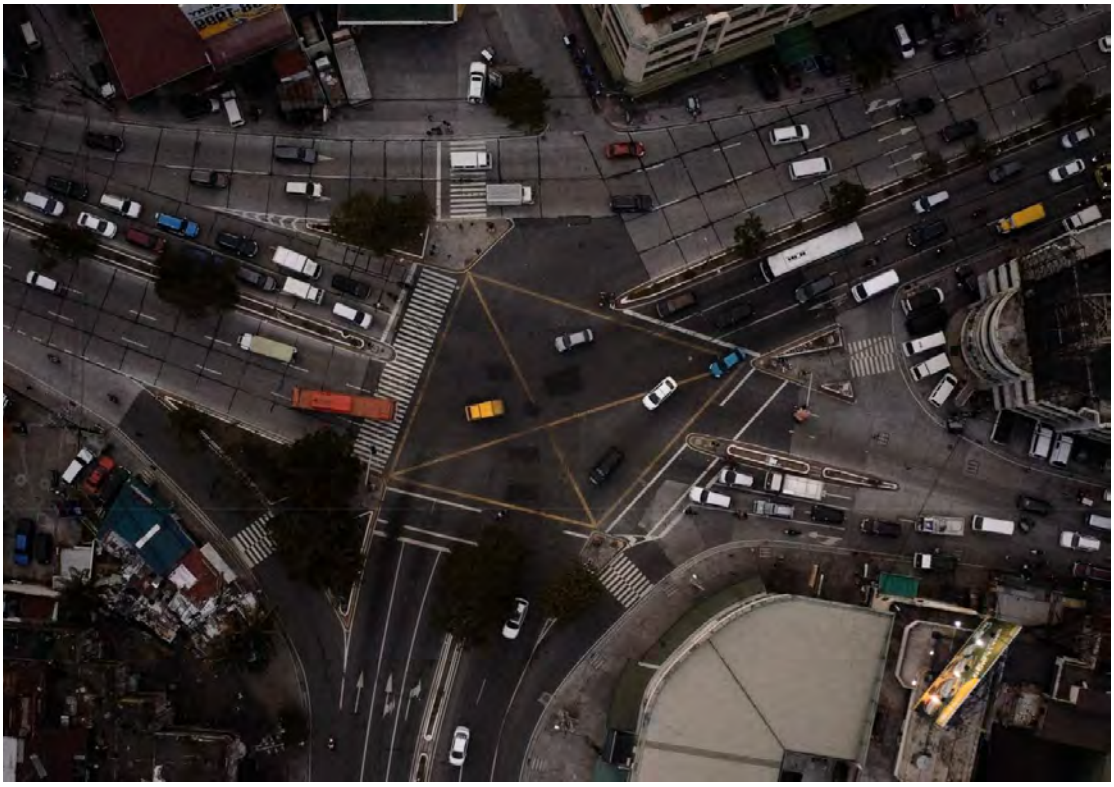
Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.



Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

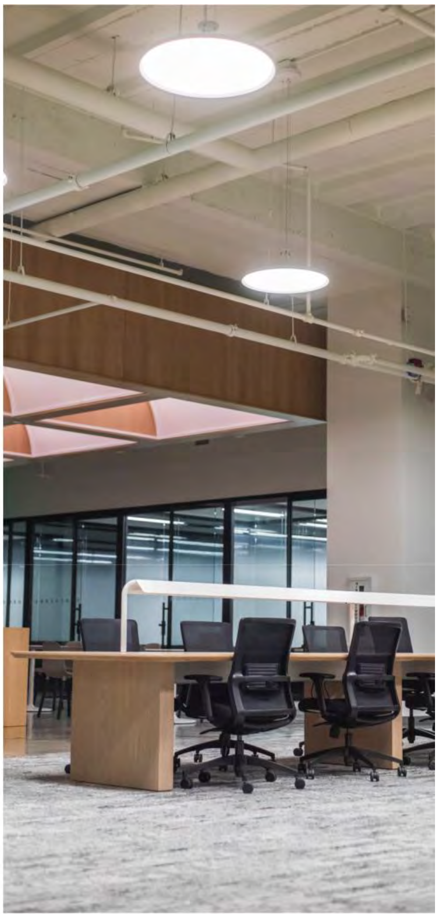
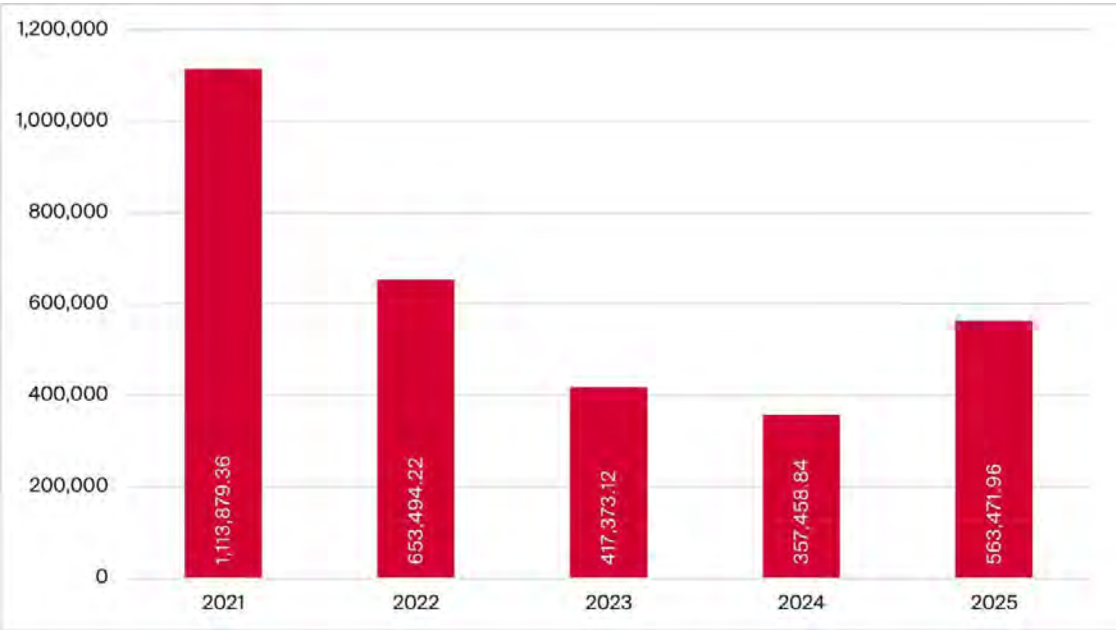


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land 4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject Property should command might be estimated by any, or a combination of the following:

11. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
12. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach 4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes

Income Approach 4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land 4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1 A 2,354-sq.m. commercial lot along McArthur Highway, within Barangay Sto. Cristo, Tarlac City, in front of Asia United Bank, is currently being offered for sale at an asking price of PhP70,000,000 or about PhP29,737 per sq.m.
Source: Dolores Tipay Lingwa 0917 179 8657 / 0920 902 9291

2 A 3,249-sq.m. commercial lot along M.H. Del Pilar, within Barangay Santo Cristo, Tarlac City, right beside GM Bank, is currently being offered for sale at an asking price of PhP81,225,000 or about 25,000 per sq.m.
Source: Mr. Wsyly Fu 0917 551 0846

3 A 245-sq.m. commercial lot along Romulo Boulevard, within Barangay San Vincente, Tarlac City, in front of the Premiere Insurance and Surety Corporation, is currently being offered for sale at an asking price of PhP8,500,000 or about PhP34,693 per sq.m.
Source: Mr. Allen Sandiego 0956 943 2262

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP21,100 per sq.m.**, or a total of **PhP59,200,000** for a land area of **2,806.45 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	59,200,000	
Interest on Land Value			
PhP59,200,000 @ 4%	PhP	2,368,000	

Total	**PhP**	**2,368,000**	**per year**
		=========	
Or	**PhP**	**197,330**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP70.31 per sq. m. per month**, or a total of **PhP197,330 per month**, or say, **PhP2,368,000 per annum** for the subject land area of **2,806.45 sq. m**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.7% (Discount Rate less Projected Long-term Growth Rate (2.5%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

LUISITA OFFICE 1			
Lease Details			
Lot Area	:	2,806	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	70.31	/sq.m./ month
Annual Rent	:	2,368,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.70%	

Leasehold Value 4.21 On the basis of the foregoing, the subject land was estimated to have no leasehold value.

We attach a copy of our valuation calculations at Appendix **5**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New (“RCN”) of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost (“DRC”). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General

Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition

4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate 4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
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5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium 4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk	4.30	The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.
Resulting Discount Rate	4.31	Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.
Capitalization Rate	4.32	A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows: Capitalization Rate = Discount Rate – Growth For purposes of this valuation, a long-term growth rate of 4% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 5%.
Key Financial Assumptions	4.33	We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.
	a.	Revenues Cashflow projection starts in 01 July 2021, it will run for a period of 10 years. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities,

facilities and services. These are inclusive of air conditioning equipment rental during office hours (but exclusive of power consumption).

It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. Occupancy rate includes committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 10%. Based on the historical performance of the Property for the last two years, average occupancy is 100%. The property is a build-to-suit facility, customized to serve the needs and operations of its current tenant who has committed to stay for the long term. This tenant has in fact added to their building foot print by occupying other build to suit buildings in the same area.

We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. Cost & Expenses

Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

Operating Costs and Expenses are assumed to be an average of approximately 28% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition

Resulting Market Value 4.34

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.
b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

   The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **6**.

Direct Capitalization Method 4.35 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.36 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 5%.

Valuation basis

Market Value 4.37 Market Value is defined in the 2019 **International Valuation Standards** as:
"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.38 The valuation date is **30 June 2021.**

General Assumptions

Assumptions 4.39 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions	4.40	Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.
Special Assumption	4.41	We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
	4.42	We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.
	4.43	We were not provided with a lot plan where Luisita Office 1 is erected. In line with our valuation analysis, the subject land was assumed to be rectangular in shape.
	4.44	Our valuation of Machinery & Equipment has also undertaken the following special assumptions: We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage. Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.
	4.45	In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.
	4.46	Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.47 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	**N/A**
Building	**166,900,000**
Building Machinery & Equipment	**68,049,000**

TOTAL	**234,949,000**

ROUNDED TO	**235,000,000**
	============

4.48 The Market Value of the Property is estimated at **PhP235,000,000 (TWO HUNDRED THIRTY-FIVE MILLION PHILIPPINE PESOS).**

Using Income Approach

4.49 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP620,000,000**
Direct Capitalization Method	**PhP675,000,000**

Calculation

4.50 We attach a copy of our valuation calculations for the Income Approach at Appendix **6 & 7**.

Comments

4.51 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.52 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value

4.53 In conclusion we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP620,000,000 (SIX HUNDRED TWENTY MILLION PHILIPPINE PESOS).

Value forwarded ……………………………….. PhP620,000,000

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021; Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analyzed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. **Electronic Communication**

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. **Acceptance**

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling;

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**
[illegible]

Our Ref: [illegible]
[illegible]

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. **Environmental issues**

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. **Minerals, timber, airspace etc.**

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. **Legal advice**

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. **Loan security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. **Build cost information**

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. **Reinstatement assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. **Comparable evidence**

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. **Valuation bases**

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

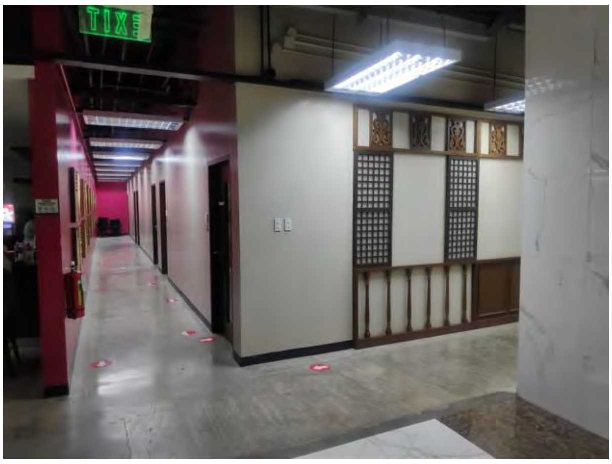
(SKF File Photos)

Exterior Views

Roof Deck

Air Conditioning System

Entrance of Sitel inside the mall



Hallway

Elevator

Exhaust Blower

Fire Fighting and Protection System

Fire Fighting and Protection System


Generator Set


Pressurization Blowers


Water Supply System

Appendix 5 - Leasehold Value of the Land

	Period Covered		Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	8,818,163	617,271	596,866	(20,406)	0.966	(19,703)
2	January 01, 2022	December 31, 2022	35,776,165	2,504,332	2,439,040	(65,292)	0.901	(58,809)
3	January 01, 2023	December 31, 2023	36,856,421	2,579,949	2,512,211	(67,738)	0.840	(56,914)
4	January 01, 2024	December 31, 2024	37,969,432	2,657,860	2,587,578	(70,283)	0.784	(55,086)
5	January 01, 2025	December 31, 2025	39,116,200	2,738,134	2,665,205	(72,929)	0.731	(53,321)
6	January 01, 2026	December 31, 2026	40,297,755	2,820,843	2,745,161	(75,682)	0.682	(51,617)
7	January 01, 2027	December 31, 2027	41,504,177	2,905,292	2,827,516	(77,777)	0.636	(49,483)
8	January 01, 2028	December 31, 2028	42,934,968	3,005,448	2,912,341	(93,106)	0.593	(55,258)
9	January 01, 2029	December 31, 2029	45,081,717	3,155,720	2,999,712	(156,009)	0.554	(86,371)
10	January 01, 2030	December 31, 2030	47,335,802	3,313,506	3,089,703	(223,803)	0.516	(115,582)
11	January 01, 2031	September 30, 2031	37,174,816	2,602,237	2,380,256	(221,981)	0.490	(108,832)
12	January 01, 2032	December 31, 2032	51,932,541	3,635,278	3,277,866	(357,412)		
				Total Present Value of the Rental Gains				(710,978)
				Terminal Value of Leasehold Rights on the Land at Year 11				(7,604,513)
						Discounted at	0.490	(3,728,317)
				Total Value of Leasehold				(4,439,295)
								==========
						ROUNDED TO, say,		(4,000,000)
								==========

Appendix 6 - Valuation calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS PLACE LUISITA - BTS
PROPERTY ADDRESS:	:	Luisita Business Park, Mac Arthur Highway, Brgy. San Miguel, Hacienda Luisita, Tarlac City, Tarlac Province
TOTAL LEASABLE AREA:	:	5,785.65 sq.m.
Total No. of Parking Slots	:	-

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
RENTAL INCOME												
Office Units	17,468,319	35,427,653	36,490,483	37,585,198	38,712,754	39,874,136	41,070,360	42,512,409	44,638,029	46,869,931	24,404,467	51,418,918
Other Areas	168,007	348,512	365,938	384,234	403,446	423,618	433,817	422,559	443,687	465,872	242,572	513,624
Gross Leasing Revenues	17,636,326	35,776,165	36,856,421	37,969,432	39,116,200	40,297,755	41,504,177	42,934,968	45,081,717	47,335,802	24,647,039	51,932,541
Less: Vacancy Allowance	-	-	-	-	-	-	-	-	-	-	-	-
Net Leasing Revenues	17,636,326	35,776,165	36,856,421	37,969,432	39,116,200	40,297,755	41,504,177	42,934,968	45,081,717	47,335,802	24,647,039	51,932,541
Other Income												
Management Dues	3,079,931	6,109,646	6,109,646	6,109,646	6,109,646	6,415,129	6,415,129	6,415,129	6,415,129	6,415,129	3,181,201	6,735,885
Aircon Dues	2,519,944	4,998,802	4,998,802	4,998,802	4,998,802	5,248,742	5,248,742	5,248,742	5,248,742	5,248,742	2,602,801	5,511,179
NET REVENUES	23,236,201	46,884,613	47,964,869	49,077,880	50,224,648	51,961,625	53,168,047	54,598,839	56,745,587	58,999,673	30,431,041	64,179,605
OPERATING COSTS & EXPENSES												
Contracted Services	1,183,374	2,400,532	2,473,016	2,547,697	2,624,644	2,703,925	2,784,874	2,880,878	3,024,922	3,176,168	1,653,783	3,484,603
Repairs & Maintenance	1,142,117	2,316,840	2,386,797	2,458,875	2,533,139	2,609,655	2,687,783	2,780,440	2,919,462	3,065,435	1,596,126	3,363,116
Management Fee	721,966	1,464,543	1,508,765	1,554,328	1,601,272	1,649,641	1,699,027	1,757,598	1,845,478	1,937,752	1,008,958	2,125,926
Loss from CUSA												
Power Charges - net	303,029	614,709	633,270	652,394	672,098	692,400	713,128	737,712	774,598	813,328	423,488	892,309
Water Charges - net	16,097	32,654	33,640	34,656	35,703	36,781	37,883	39,189	41,148	43,205	22,496	47,401
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	143,494	291,084	299,873	308,929	318,260	327,873	337,689	349,330	366,797	385,136	200,535	422,537
Miscellaneous Expense	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS PLACE LUISITA - BTS
PROPERTY ADDRESS:	:	Luisita Business Park, Mac Arthur Highway, Brgy. San Miguel, Hacienda Luisita, Tarlac City, Tarlac Province
TOTAL LEASABLE AREA:	:	5,785.65 sq.m.
Total No. of Parking Slots	:	-

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		815,226	1,644,914	1,682,814	1,721,863	1,762,097	1,823,038	1,865,364	1,915,562	1,990,880	2,069,963	1,067,652	2,251,697
Taxes & Licenses		511,871	1,015,396	1,045,858	1,045,858	1,045,858	1,045,858	1,077,233	1,077,233	1,077,233	1,077,233	550,215	1,109,550
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	-	-	-	-	-	-	-	-	-	-	-
Insurance Expense		218,446	440,767	450,923	461,386	472,167	488,497	499,838	513,289	533,471	554,662	286,085	603,359
Communication		17,688	35,690	36,512	37,359	38,232	39,555	40,473	41,562	43,196	44,912	23,165	48,855
Rent Expense		617,271	2,504,332	2,579,949	2,657,860	2,738,134	2,820,843	2,905,292	3,005,448	3,155,720	3,313,506	1,725,293	3,635,278
Supplies Expense		29,911	60,353	61,743	63,176	64,652	66,888	68,441	70,283	73,046	75,948	39,173	82,616
Travel & Transportation		20,592	41,550	42,507	43,493	44,510	46,049	47,118	48,386	50,289	52,286	26,968	56,877
Representation & Entertainment		17,293	34,893	35,697	36,525	37,379	38,671	39,569	40,634	42,232	43,909	22,648	47,764
TOTAL COSTS & EXPENSES		5,978,374	13,118,258	13,491,365	13,844,401	14,208,144	14,609,673	15,023,713	15,477,545	16,158,472	16,873,445	8,866,585	18,391,889
NET OPERATING INCOME		17,257,827	33,766,356	34,473,503	35,233,479	36,016,504	37,351,952	38,144,334	39,121,293	40,587,115	42,126,228	21,564,456	45,787,716
CAPEX	1.5%	264,545	536,642	552,846	569,541	586,743	604,466	622,563	644,025	676,226	710,037	369,706	778,988
NOI after CAPEX		16,993,282	33,229,713	33,920,657	34,663,937	35,429,761	36,747,486	37,521,772	38,477,269	39,910,890	41,416,191	21,194,750	45,008,728
Discount Rate/ Present Worth Factor	9.00%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		16,270,848	29,189,929	27,336,581	25,628,981	24,032,291	22,867,995	21,421,866	20,153,556	19,178,400	18,258,480	8,952,892	17,442,361

Total Present Worth of Cashflows		233,291,819
Terminal Value of Property at 11Y	5.0%	915,754,329
Discounted at	0.42	386,824,525

TOTAL PROPERTY VALUE	620,116,344
Rounded to, say	620,000,000

Appendix 7 - Valuation calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS PLACE LUISITA - BTS
PROPERTY ADDRESS:	:	Luisita Business Park, Mac Arthur Highway, Brgy. San Miguel, Hacienda Luisita, Tarlac City, Tarlac Province
TOTAL LEASABLE AREA:	:	5,785.65 sq.m.
Total No. of Parking Slots	:	-

DIRECT CAPITALIZATION

RENTAL INCOME	
Office Units	35,427,653
Other Areas	348,512
Gross Leasing Revenues	35,776,165
Less: Vacancy Allowance	-
Net Leasing Revenues	35,776,165
Other Income	
Management Dues	6,109,646
Aircon Dues	4,998,802
	-
NET REVENUES	46,884,613
OPERATING COSTS & EXPENSES	
Contracted Services	2,400,532
Repairs & Maintenance	2,316,840
Management Fee	1,464,543
Loss from CUSA	-
Power Charges - net	614,709
Water Charges - net	32,654
Aircon Dues (Expense)	-
Others	291,084
Miscellaneous Expense	220,000
General and Administrative Expense	-
Salaries & Wages	1,644,914
Taxes & Licenses	1,015,396
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	440,767
Communication	35,690
Rent Expense	2,504,332
Supplies Expense	60,353
Travel & Transportation	41,550
Representation & Entertainment	34,893
TOTAL COSTS & EXPENSES	13,118,258
NET OPERATING INCOME	33,766,356
Capitlization Rate	5.0%
TOTAL PROPERTY VALUE	675,327,115
Rounded to, say	675,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Luisita Office 1, Luisita Business Complex, Brgy. San Miguel, Tarlac City	McArthur Highway, Barangay Sto. Cristo, Tarlac City		M.H. del Pilar, Barangay Santo Cristo, Tarlac City		Romulo Blvd., Barangay San Vicente, Tarlac City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		70,000,000.00		81,225,000.00		8,500,000.00	
Size (sq. m.) - Total Net Area	2,806.45	2,354.00		3,249.00		245.00	
Price Per sq.m. (Unadjusted)		PHP 29,736.62		PHP 25,000.00		PHP 34,693.88	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			29,736.62		25,000.00		34,693.88
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-10%	Allowance	-10%
Adjusted Price			26,762.96		22,500.00		31,224.49
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			26,762.96		22,500.00		31,224.49
PHYSICAL ADJUSTMENTS							
Location	Luisita Office 1, Luisita Business Complex, Brgy. San Miguel, Tarlac City	McArthur Highway, Barangay Sto. Cristo, Tarlac City		M.H. del Pilar, Barangay Santo Cristo, Tarlac City		Romulo Blvd., Barangay San Vicente, Tarlac City	
Comparison/Adjustment		superior	-5%	superior	-10%	superior	-10%
Topography	flat	flat		flat		flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size of Lot/s	2,806.45	2,354.00		3,249.00		245.00	
Comparison/Adjustment		equal	0%	inferior	5%	superior	-15%
Shape	regular	regular		regular		regular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary/corner	main road/concete		main road/concete		main road/concete	
Comparison/Adjustment		superior	-10%	superior	-10%	superior	-10%
Zoning/Land Use	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			15%		25%		35%
Total Net Adjustments			-15%		-15%		-35%
Final Adjusted Price (Net Adjustment Basis)		22,748.51		19,125.00		20,295.92	
Weight		50.0%		33.0%		17.0%	
Weight Equivalent		11,374.26		6,311.25		3,450.31	
Value per sqm		PHP 21,135.81					
ROUNDED TO		PHP 21,100.00 per sq.m.					
Total Area		2,806.45 sq.m.					
INDICATED VALUE		PHP 59,200,000					

Appendix 9 - Schedule of Assets

BUILDING	
Description	Market Value (PhP)
Luisita Office 1 - As seen during our inspection for the previous valuation done, this is a three (3)-storey, reinforced concrete-framed building with roof deck. The entire building is currently tenanted by Sitel, a call center company. The ground floor is being utilized as lobby, pantry and office rooms. The second and third floor, meanwhile, are office areas. Construction features include plastered cement finish precast concrete exterior walls; concrete slab roof deck with waterproofing membrane; mainly ceramic tiles on concrete flooring at lobbies and hallways; gypsum board ceiling on aluminum t-runners in common areas; frameless glass main entrance doors and mainly glass panels on aluminum frame windows. Based from information provided to us, interior finishes are reportedly introduced by the tenants and were, therefore, excluded in this valuation. The building is reportedly built sometime in January 2018. It is provided with canopies and elevated walkway/platform around the building, and planter boxes. The building is painted and provided with electrical lighting and plumbing facilities. It is also provided with mechanical and electrical services, with the building equipment installed at the roof deck and in various building locations. These equipment are described in detail and valued in the equipment section of this report. Based on the floor area tabulation provided to us by the client, the building has a total gross floor area of about 5,969.19 square meter.	**166,900,000**

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
<u>Elevator</u>	
Passenger Elevator- Mitsubishi Electric, 825 kgs., 11 persons capacity, 3 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	**1,232,000**
<u>Air Conditioning and Ventilating System</u>	
Lot-Air Conditioning System- Mitsubishi Electric City Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprising of: 11 - ACCU Outdoor Units - Mitsubishi Electric, Model: PUCY-P450YKA, Cooling Capacity: 163,800 btu/hr 6 - ACCU Outdoor Units - Mitsubishi Electric, Model: PUCY-P350YKA, Cooling Capacity: 136,500 btu/hr 6 - ACCU Outdoor Units - Mitsubishi Electric, Model: PUCY-P300YKA, Cooling Capacity: 114,300 btu/hr 2 - ACCU Outdoor Units - Mitsubishi Electric, Model: PUCY-P400YKA, Cooling Capacity: 150,100 btu/hr 4 - ACCU Outdoor Units - Mitsubishi Electric, Model: PUCY-P500YKA, Cooling Capacity: 191,100 btu/hr ACCU Outdoor Unit - Mitsubishi Electric, Model: PUCY-P250YKA, Cooling Capacity: 95,500 btu/hr 87 - ACCU Indoor Units (FCU) - 4-Way Ceiling Casette type, 11.2 Kw cooling capacity 6 - ACCU Indoor Units (FCU) - Ceiling Conceiled type, 16.0 Kw cooling capacity 5 - ACCU Indoor Units (FCU) - Ceiling Conceiled type, 9.0 Kw cooling capacity ACCU Indoor Unit (FCU) - Ceiling Conceiled type, 11.2 Kw cooling capacity 12 - ACCU Indoor Units (FCU) - Ducted type, 11.2 Kw cooling capacity Air Conditioning Unit - Mitsubishi Electric, split type, ducted type, 3 tons capacity *Note: GF Mall Entrance* 3 - Air Conditioning Units - Mitsubishi Electric, split type, ceiling cassette type, 1.5 tons capacity	

Note: Located at GF, 2F and 3F Lobby
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories
Note: Installed at various locations

27,103,000

Lot-Air Ventilation and Exhaust System-

Consisting of:
2 - Stair Pressurization Blowers -
Niagara, Model/Size: DIDW-FC 20, centrifugal fan, Capacity: 12,750 CMH, Motor: 10.0 Hp (7.5 Kw), 1760 rpm
Note: Located at Roofdeck
Toilet Exhuast Blower -
Niagara, Model: GPA 20 PLR CW-TH, centrifugal fan, Capacity: 9,810 CMH, driven by 3.0 Hp (2.24 Kw) electric motor
Note: Located at Roofdeck
3 - Supply Fans-
Belt-Driven, 230V, 3-Phase, driven by a 0.75 Kw (1.0 Hp) motor,
Note: Located at GF, Genset Room
3 - Exhuast Fans-
Belt-Driven, 230V, 3-Phase, driven by a 0.75 Kw (1.0 Hp) motor,
Note: Located at GF, Genset Room
3 - Exhuast Fans-
Belt-Driven, 230V, 3-Phase, driven by a 0.75 Kw (1.0 Hp) motor,
Note: Located at Substation
System complete with ductings installations, electrical and controls system and other standard accessories 583,000

Total for Air Conditioning and Ventilating System -

27,686,000

Lot-Standby Power Supply and Electrical Power Distribution System-

System consisting of:
2-AC Electric Generating Set-
Baifa, Model BF-C825-60, 2017.02 Mfg Date, Ser \. Nos. 1612071 and 1612072, 1000 KVa (800 Kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:
12 - Cylinder Diesel Engine-
Cummins, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation
Generator Synchronizing Panel-
Metal clad casement, free standing with 3 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights, automatic transfer switch and other standard accessories
Mother Fuel Storage Tank-
Mild steel plate of welded construction, 6,000 liters capacity
Note: GF, Fuel Room
Power Transformer-
SGB, 750 KVa rated capacity, 13.8 KV and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase
Low Voltage Switchgear-

Metal clad casement, free standing with 4 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
Medium Voltage Switchgear Panel-
Metal clad casement, free standing with 1 vertical section, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches and standard accessories
Battery Bank-
Metal clad casement, free standing with 1 swing-out door panels
System complete with electrical wiring installations, piping connections, contactors, relays and other standard accessories **30,449,000**

Lot-Water Supply and Sewerage System-
Consisting of:
2-Vertical Turbine Pumps-
Goulds Water Technology, Model: 15SV04F0556, Q: 10-29 cu.m/h, Hmax: 78.7 m, Hmin: 39.1 m, rpm: 3500 P: 2500 KPa, driven by 5.5 kw electric motor, equipped with;
Pressure Tank-
Pentair, Wellmate, Model: WM0330 CPVC Drain, mild steel construction, 328.2 liters (86.7 gal) capacity
Note: Located at GF, Pump Room
Booster Pump-
Goulds Water Technology, driven by 0.75 kw (1.0 Hp) electric motor
Elevator Pump-
Daichi, submersible type, Q: 0.35 cu.m/min, driven by 0.75 kw (1.0 Hp) electric motor
Note: Located at Elevator Sump Pit
System complete with piping connections, valves and fittings, controls and other standard accessories **808,000**

Lot-Automatic Fire Fighting, Fire Protection and Alarm System
Consisting of:
Fire Pump-
AC Fire Pump, centrifugal fire pump, vertical turbine type, 1780 rpm, 120 psi, 750 gpm capacity, driven by 75 kw (100 Hp) electric motor
Fire Pump-
AC Fire Pump, vertical turbine type, 100 BHp, 2100 rpm, 120 psi 750 gpm capacity, driven by 4 Cylinder Clarke Diesel Engine
Jockey Pump-
Submersible type, 40 gpm, 3550 rpm, 125 psi, driven by 5.5 kw (7.5 Hp) electric motor
Automatic Transfer Switch-
Metal clad casement, free standing, 250 amperes
2-Fire Pump Controllers-
Eaton, CAT. Nos. FD120-L1 and FD70-100-H-L1
Jockey Pump Controller-
Eaton CAT No. XTJP-G06-L1
20-Fire Extinguishers-
HCFC
56-Fire Extinguishers-
ABC Dry Chemical
14-Fire Hose Cabinets-
Aluminum frame with glass panel door, wall mounted, complete with fire hose, nozzle and 10 lbs dry chemical type fire extinguisher
670-Sprinkler Heads

Note: Located at Various areas
System complete with FDAS, smoke and heat detectors, fire alarm bells, burglar alarm, piping connections, valves, fittings, and other standard accessories **7,874,000**

Total for Building Machinery & Equipment - 68,049,000

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PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA

Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

- Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

VINCENT S. LANO
Appraiser

T 632.752.2580

F 632.752.2571

vincent.lano@santos.knightfrank.ph

Vincent S. Lano is an Appraiser of Santos Knight Frank (formerly CBRE Phils., Inc.) in the Valuations Department under the Plant and Machinery Group - responsible for handling the valuation of Plant and Machinery and light Real Estate assignments of the Company.

Prior to joining Santos Knight Frank (formerly CBRE Phils., Inc.), Mr. Lano was involved with Cuervo Appraiser, Inc. and Pinnacle Real Estate Consulting Services, Inc. He started there as staff appraiser sometime in 1996. Through the years, he has gained vast experience in industrial valuation and attended several appraisal seminars enhancing his professional advancement. During his more than 10 years experience in his field, he had been involved in property valuation projects concerning different types of industrial properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications, oil refinery and had likewise gained an expansive experience in personnel management and development of client relations. He is now currently expanding his expertise and has been involved in light real estate valuation projects.

- Bachelor of Science in Mechanical Engineering, University of the East - Caloocan
- Member, Philippine Society of Mechanical Engineers - CAMANAVA Chapter

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Equitable Tower –
ADB Avenue corner Poveda Road
Ortigas Center, Pasig City
Metro Manila, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	ADB Avenue corner Poveda Road, Ortigas Center, Pasig City, Metro Manila.		
Description	The Property comprises ninety-six (96) office condominium units and thirty-eight (38) parking slots, located at various levels of Robinsons Equitable Tower, a PEZA registered, Grade A high-rise office building situated a few meters north from Asia Development Bank (ADB) Complex. The ninety-six (96) units owned by Robinsons Land Corporation only comprised 27% of all units of Robinsons Equitable Tower.		
Floor Area	11,464.03 sq.m	**Gross Leasable Area**	14,364.5 sq.m.
Occupancy	99%	**WALE**	2.42 years
Ave. Lease Rate	PhP911/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Office Condominium Units and Parking Slots - Freehold		
MARKET VALUE **(Income Approach)**	**PhP3,426,000,000** **THREE BILLION, FOUR HUNDRED TWENTY-SIX MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Note: Gross Leasable Area includes some of the common areas for whole floor occupiers. Inclusion of common areas has been likewise reflected in the individual Contract of Lease.

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information was obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Brig Noli M. Rosanes
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

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Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Market and Income Approaches of that certain Property consisting of ninety-six (96) office condominium units and thirty-eight (38) parking slots situated at various levels of **Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City, Metro Manila**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Raymond F. Dechavez** and **Brig Noli M. Rosanes**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
Investigations	1.18	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- details of subject office units and parking slots
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value.**

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Definition of Condominium 1.23 Under Section 2 of Republic Act No. 4726 or the Condominium Act, Condominium is defined as:

> "A Condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building or in an industrial estate and an undivided interest in common, directly and indirectly, in the land, or the appurtenant interest of their respective units in the common areas."

Briefly stated, it is a form of ownership less than the whole. Each co-owner enjoys absolute ownership in his separate unit and owns jointly, in direct proportion to his holdings, the common areas designated in the Property.

Valuation date 1.24 The valuation date is **30 June 2021.**

2 The Property

Location

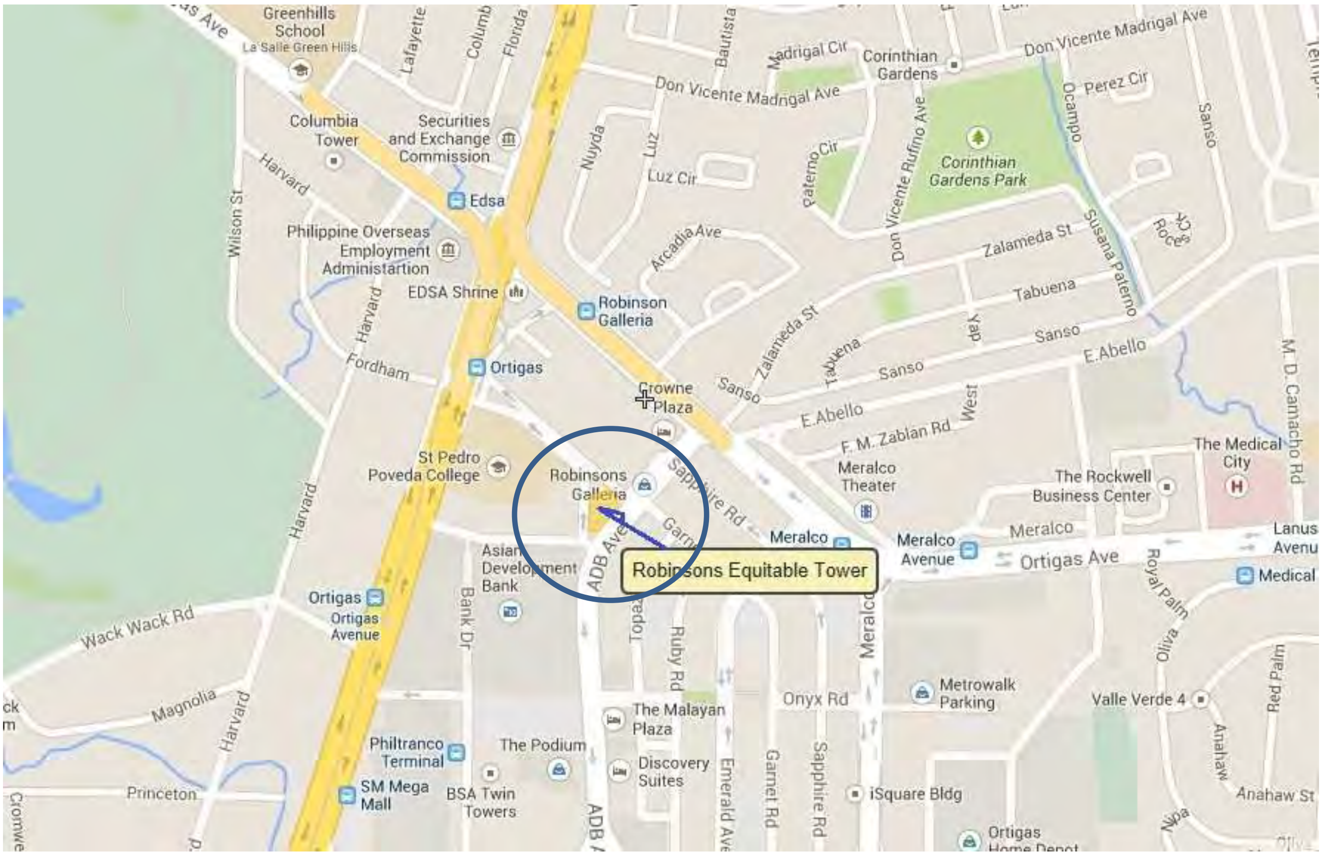
Address 2.1 The Property consists of ninety-six (96) office condominium units and thirty-eight (38) parking slots, located at various levels of Robinsons Equitable Tower, an office building situated at the north corner of ADB Avenue and Poveda Road, within Ortigas Center, Pasig City, Metro Manila, Philippines.

The tower forms part of Robinsons Galleria Complex. It is located adjacent to Holiday Inn Hotel, in the northern section of Ortigas Center where the boundary of Quezon City, Mandaluyong and Pasig converged. It is about 220 meters southeast from Epifanio Delos Santos Avenue (EDSA) and approximately 800 meters northwest from SM Megamall by way of ADB Avenue.

Below is the aerial view of the area courtesy of Google Maps showing the location of the building in relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the building.



Neighborhood

2.3 Ortigas Center is Metro Manila's third most important business district after the Makati and BGC. Like other CBDs in the metropolis, it is also home to many skyscrapers and shopping malls. Located along EDSA are three shopping malls, namely: Robinson's Galleria, SM Megamall and the elite Shangri-la Plaza. Right behind SM Megamall are St. Francis Square, The Podium, San Miguel Corporation Headquarters and the ADB Complex. The district is also the home to University of Asia and the Pacific, and Saint Pedro Poveda College.

Accessibility

2.4 The Property is situated at the north corner of ADB Avenue and Poveda Road making it easily accessible. The district where the Property is located, meanwhile, is surrounded by four (4) major thoroughfares: on the west by EDSA, on the north by Ortigas Avenue, on the east by Meralco Avenue, and on the south by Shaw Boulevard. These thoroughfares provide easy access to/from various sections of metropolis.

Public transportation such as buses and taxicabs are mainly available throughout the day along the nearby EDSA. MRT Line also runs along EDSA, a mass public transport linking the district to Pasay, Makati, Mandaluyong and Quezon City.

Legal Title

Unit Details 2.5 Based on documents provided to us by the Client, the Property consists of ninety-six (96) office condominium units, with a total floor area of **11,464.03 sq. m.**, and thirty-eight (38) standard-type parking slots, tabulated as under:

Condominium Units

CCT No.	Floor	Level/Unit	Floor Area (sqm)
PT - 23873	12	1203	118.00
PT - 23906	16	1606	119.00
PT - 23907		1607	112.00
PT - 23956	21	2106	119.00
PT - 23957		2107	112.00
PT - 23958		2108	118.00
PT - 23975	22	2205	119.00
PT - 23976		2206	119.00
PT - 23977		2207	112.00
PT - 23978		2208	118.00
PT - 23979		2209	119.00
PT - 23981	23	2301	121.00
PT - 23982		2302	119.00
PT - 23983		2303	118.00
PT - 23984		2304	112.00
PT - 23985		2305	119.00
PT - 23986		2306	119.00
PT - 23987		2307	112.00
PT - 23988		2308	118.00
PT - 23989		2309	119.00
PT - 23990		2310	121.00
PT - 23991	24	2401	121.00
PT - 23992		2402	119.00
PT - 23993		2403	118.00
PT - 23994		2404	112.00
PT - 23995		2405	119.00
PT - 23996		2406	119.00
PT - 23997		2407	112.00
PT - 23998		2408	118.00
PT - 23999		2409	119.00
PT - 24000		2410	121.00
PT - 24001	25	2501	121.00
PT - 24007		2507	112.00
PT - 24008		2508	118.00
PT - 24009		2509	119.00
PT - 24010		2510	121.00
PT - 24011	26	2601	121.00
PT - 24012		2602	119.00

PT - 24013		2603	118.00
PT - 24014		2604	112.00
PT - 24015		2605	119.00
PT - 24016		2606	119.00
PT - 24017		2607	112.00
PT - 24018		2608	118.00
PT - 24019		2609	119.00
PT - 24020		2610	121.00
PT - 24021	27	2701	121.00
PT - 24022		2702	119.00
PT - 24023		2703	118.00
PT - 24024		2704	112.00
PT - 24025		2705	119.00
PT - 24026		2706	119.00
PT - 24027		2707	112.00
PT - 24028		2708	118.00
PT - 24029		2709	119.00
PT - 24030		2710	121.00
PT - 24031	28	2801	121.00
PT - 24032		2802	119.00
PT - 24033		2803	118.00
PT - 24034		2804	112.00
PT - 24035		2805	119.00
PT - 24036		2806	119.00
PT - 24037		2807	112.00
PT - 24038		2808	118.00
PT - 24039		2809	119.00
PT - 24040		2810	121.00
PT - 24071	32	3201	121.00
PT - 24074		3204	112.00
PT - 24075		3205	119.00
PT - 24076		3206	119.00
PT - 24086	33	3306	119.00
PT - 24087		3307	112.00
PT - 24089		3309	119.00
PT - 24091	34	3401	121.00
PT - 24092		3402	119.00
PT - 24096		3406	119.00
PT - 24097		3407	112.00
PT - 24098		3408	118.00
PT - 24099		3409	119.00
PT - 24100		3410	121.00
PT - 24106	35	3506	119.00
PT - 24112	36	3602	119.00

PT - 24113		3603	118.00
PT - 24114		3604	112.00
PT - 24115		3605	119.00
PT - 24116		3606	119.00
PT - 24117		3607	112.00
PT - 24118		3608	118.00
PT - 24119		3609	119.00
PT - 24179	44	4401	122.00
PT - 24180		4402	123.00
PT - 24181		4403	99.00
PT - 24182		4404	99.00
PT - 24183		4405	123.00
PT - 24184		4406	122.00
PT - 26398	45	4501	305.03
		TOTAL	**11,464.03**

Parking Slots

#	Level	Slot No.
1	**6**	5
2		6
3		7
4		10
5		11
6		12
7		13
8		30
9		32
10		33
11		35
12	**5**	22
13		23
14		34
15		35
16	**4**	34
17	**3**	23
18		24
19	**B1**	1
20		2
21		3
22		4

23		5
24		8
25		9
26		27
27	B2	14
28		15
29		16
30		17
31		18
32		19
33		20
34		21
35		22
36		28
37		29
38		30

The condominium units and parking slots are reportedly owned by the Client, the real estate arm of JG Summit Holdings.

The ninety-six (96) units owned by Robinsons Land Corporation only comprised 27% of all units of Robinsons Equitable Tower.

2.6 The floor levels of Robinsons Equitable Tower are clustered into three (3) zones, the Low Zone (8th to 21st floor), the Mid Zone (22nd to 32nd floor), and the High Zone (33rd to 45th floor). For purposes of this valuation, the subject units were also clustered based on the above zones, summarized as under:

DESCRIPTION	Ave. Unit Area (sq. m.)	Total Area/Zone (sq. m.)
Low Zone (12th to 21st Floor)	116.33	698.00
Mid Zone (22nd to 32nd Floor)	117.80	7,539.00
High Zone (33rd to 45th Floor)	124.12	3,227.03

2.7 In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn.

Tenure

2.8 As evidenced by the available Condominium Certificates of Title, ownership rights to all of the units are freehold.

Remarks on Highest and Best Use

2.9 The Highest and Best Use of the land where Robinsons Equitable Tower is erected is the existing high-rise office condominium development.

Description of Condominium Units

Condominium Units

2.10 The Property comprises ninety-six (96) office condominium units and thirty-eight (38) parking slots of the Robinsons Equitable Tower, described in detail in Appendix **8**.

Condition

Scope of Inspection

2.11 As stated earlier, we have previously inspected the Property.

Our inspection of the Property was limited only to the common areas and exterior of the building, as we were not able to gain entry to the subject units.

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify areas and actual configuration of the subject units and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

Comments

2.12 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.13 Information provided to us shows that the units are in good condition consumerate with age and normal usage. No urgent or defects or items of disrepair were reported to us, which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance of the units.

Services

2.14 It would appear from our previous inspection that main supplies of electricity and water are provided to the building. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

2.15 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.16 A summary of the Property tenancies is presented on the next page.

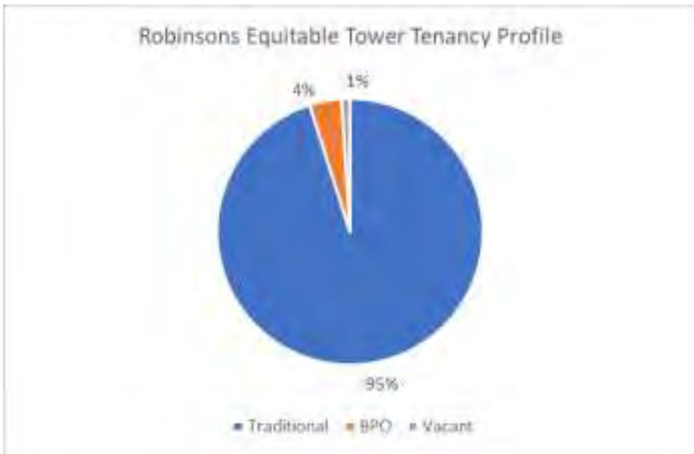
TENANTS	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	End
Tenant 1	146.89	26-Sep-16	25-Nov-21
Tenant 2	1,428.71	16-Sep-13	15-Dec-23
Tenant 3	757.17	07-Jul-13	06-Jul-21
Tenant 4	296.03	01-Nov-20	31-Jul-23
Tenant 5	149.54	09-Jul-15	08-Sep-23
Tenant 6	144.33	05-Sep-11	04-Oct-23
	1,544.94	01-Aug-11	31-Jul-23
Tenant 7	280.17	01-Sep-13	31-Oct-21
Tenant 8	424.50	01-Jan-13	31-Dec-21
Tenant 9	1,428.71	28-Mar-13	27-Mar-24
Tenant 10	1,428.71	30-Oct-20	14-Feb-25
Tenant 11	1,428.71	01-Sep-19	30-Nov-24
Tenant 12	1,428.71	01-Sep-19	30-Nov-22
Tenant 13	146.75	02-May-17	01-Jul-22
Tenant 14	138.27	01-Apr-21	31-Mar-22
Tenant 15	323.45	20-Dec-10	19-Mar-23
Tenant 16	289.97	20-Jan-16	19-Mar-24
Tenant 17	150.22	06-Apr-16	05-Jun-23
Tenant 18	423.28	15-Dec-13	14-Dec-22
Tenant 19	423.28	15-Dec-13	14-Dec-22
Tenant 20	423.28	01-Apr-21	31-Mar-26
	287.44	01-Apr-21	31-Mar-26
Tenant 21	448.16	01-Mar-21	28-Feb-26
Tenant 22	278.95	01-May-21	30-Apr-26

2.17 Based on the rent roll provided, total leasable area is **14,364.50** sq.m. with 38 parking slots available for lease.

Comments on Leasable Areas

2.18 The total leasable area is bigger than the total floor area of the units since it includes some of the common areas for whole floor occupiers. Inclusion of common areas has been likewise reflected in the individual Contract of Lease.

Most of the Property's tenants are traditional offices with only a handful of Business Process Outsourcing (BPO) companies. Based on the figure below which summarizes the tenancy profile of the Property, traditional offices currently take up 95% of the Property's leasable area followed by BPOs at 4%.



Source: SKF, RLC

2.19 As of 30 June 2021, the Property is 99% occupied with a Weighted Average Lease Expiry (WALE) of 2.42 years. Earliest period with an expiring lease is 2021 with 11% of total leased area. In 2022, 18% of the leased area will be up for renewal or a new lease.

Source: SKF, RLC

2.20 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the wall's frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may affect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways 2.21 The road network within Ortigas Center can accommodate light to moderate pedestrian and vehicular traffic loads and has multiple connections to the surrounding thoroughfares. The roads range from 10 to 15 meters wide, mostly are concrete-paved and some have asphalt overlay, provided with cemented sidewalks, curbs and gutters, and underground drainage system. There are also modern pedestrian overpasses provided at the major road intersections of the district.

Access 2.22 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the building premises and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Zonal Value

Source of Information 2.23 Based on the Zonal Table of the Bureau of Internal Revenue, the zonal value of commercial condominium units within Robinsons Equitable Tower is pegged at PhP71,000 per sq. m. while the parking slot is pegged at PhP42,000 per sq. m. Normally, the standard area of parking slot in condominium buildings is 12.50 sq. m., thus, translating the zonal value to about PhP525,000 per slot.

2.24 An excerpt of the said zonal table is attached herewith as Appendix **9**.

Environmental Considerations

Flooding 2.25 From our enquiries with the City Planning Office, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a zero risk of flooding.

Contamination 2.26 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. SKF is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Photographs

(SKF File Photos)

Restriction 2.27 Taking pictures of the units were not allowed during inspection. Photographs attached herein are limited only to the common areas and exterior views of the building.

Robinsons Equitable Tower

Elevator Lobby

2.28 Other photographs of the Property are attached at Appendix **4**

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information 3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

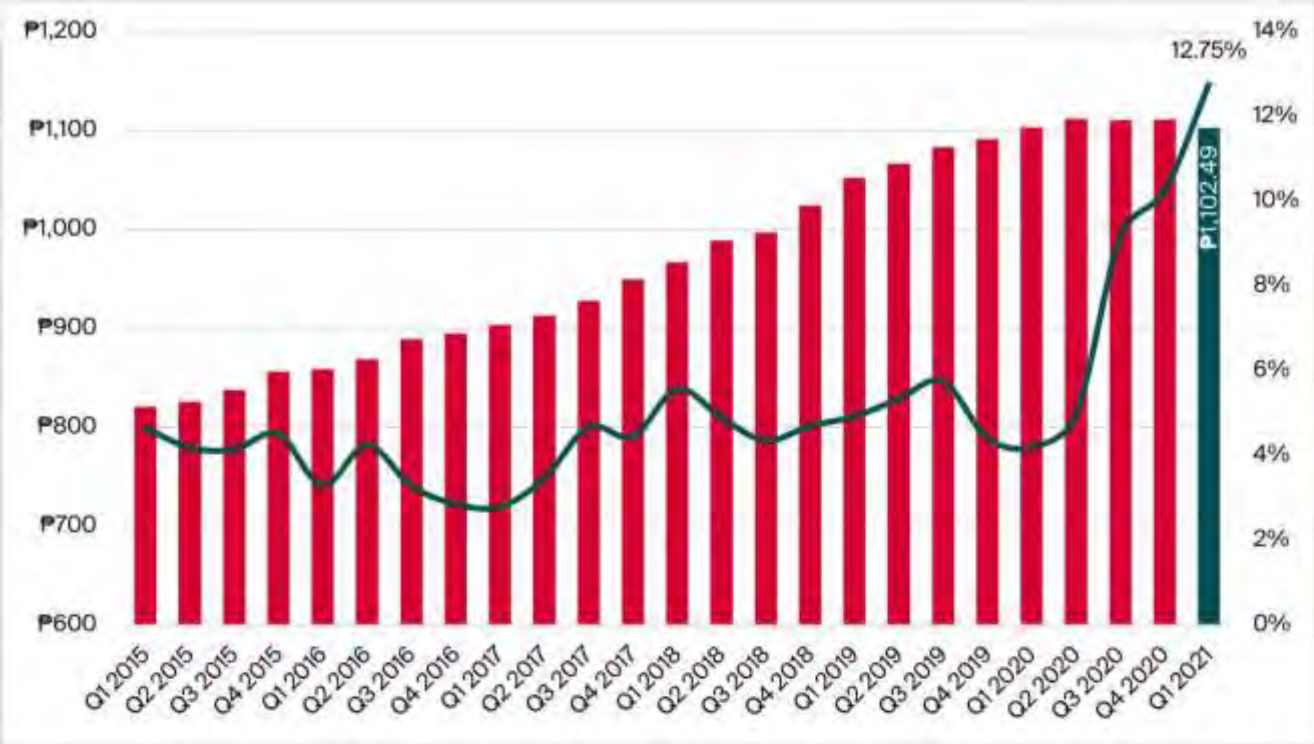
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

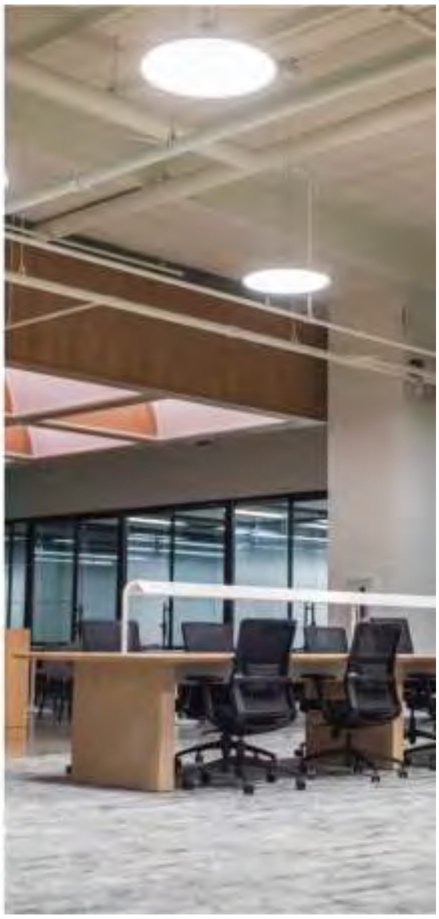
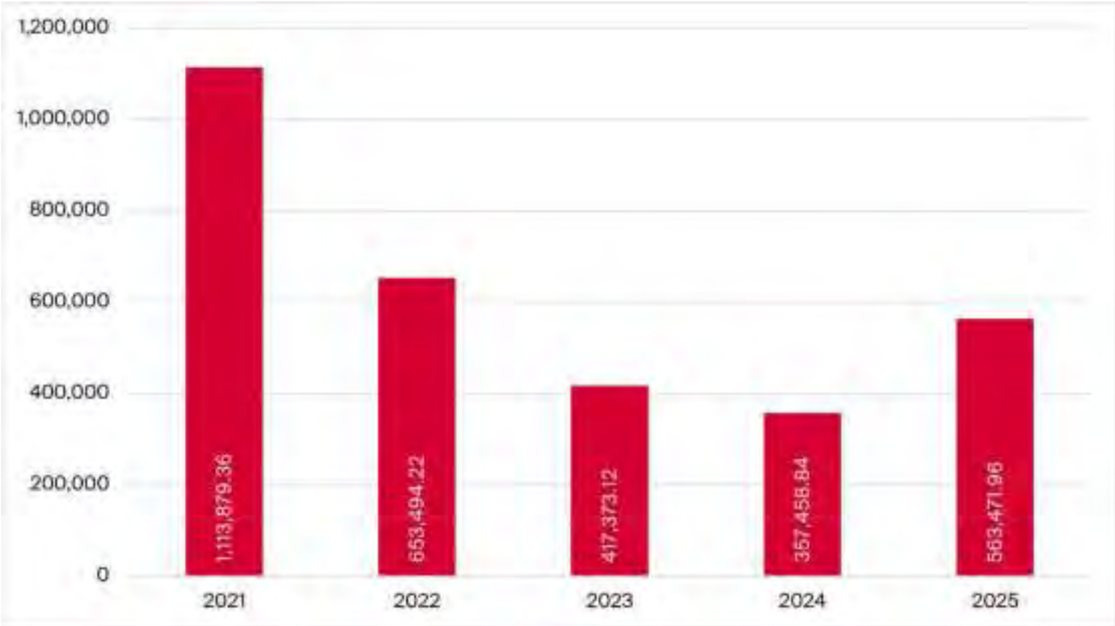


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, market value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market Data (or Direct Sales Comparison) Approach, Income Capitalization Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

Due to the nature of the Property and the purpose of this appraisal, both the Market Approach and Income Approach to value are deemed the most appropriate to use and the Cost Approach was not used.

Market Approach

Market Approach

4.2 This approach is the most common technique, and preferred method when comparable data are available. The Market (or Sales Comparison) Approach to value is basically an appraisal technique in which the Market Value is reached primarily with other properties which have been sold recently, plus current asking prices and offers thereby establishing a measure of market reaction to the subject property. In the process of comparison, adjustments are usually made of the actual sale prices of properties to account for differences in the properties. Functional or economic divergences must be considered, as well as physical variations, and adjustments made accordingly. It is a process of correlation and analysis of similar recently sold or offered for sale properties. The reliability of this technique is dependent upon: (a) the degree of comparability of each property with the Property under appraisal; (b) the time of the sale; (c) the verification of the sale/listing/offer data, and; (d) the absence of unusual conditions affecting the sale or listing/offer. The weight given to this approach is dependent on the availability of recent listings/offerings of properties considered comparable to the Property under appraisement.

These listings/sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. These adjusted values are then reconciled for a value conclusion by the Sales Comparison Data Grid.

Adjustments to Sales/Listings Data

The elements of comparison include property rights, legal encumbrances, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, and available utilities. The most variable elements of comparison are the site's physical characteristics, which include its size, condition, amenities, architectural quality, and type.

After comparable data are collected and categorized, and the comparable properties are examined and described, data can be assembled in an organized, logical manner. Sales and/or listings are commonly arranged on a market data grid, such as the Sales Comparison Data Grid. Adjustments for dissimilarities between the subject property and the comparable properties are made to the prices of the comparable. Following is an explanation of the major categories of comparison.

Property Rights Conveyed

The particular rights or interests being valued on a site must be defined. This is especially important in appraisals that involve a partial interest in a property, limited rights such as surface or mineral rights, a fee simple estate subject to a long-term lease, or a leasehold interest. Other encumbrances such as easements, mortgages, or special occupancy and use requirements, should also be identified if the comparable sales property rights differ from the subject.

Financing/Conditions of Sale/Listing

Adjustments for conditions of sale reflect the motivations of the buyer and seller. The conditions under which a parcel of land may be sold could differ from property to property. Current market listings of comparable properties were used. Industry practice dictates that listings/asking/offers have a mark-up allowance of 10% to as much as 30% for negotiation purposes.

Market Conditions (Time of Sale)

The time of sale is the date that the comparable parcel was originally purchased and/or offered for sale. In order for the sale property to be deemed comparable to the subject, it must be adjusted for inflation and deflation that has occurred from the date of sale/offer to the present.

Location

The analysis of a site's location focuses on the time-distance relationships between the site and common origins or destinations. It also concerned with the location of the building in relation to heavily traversed thoroughfares and/or intersections. Likewise, location of the condominium units in relation to floor level. Normally, as the floor gets higher, prices of units also tend to be higher.

Size

The size of the comparable is adjusted for superiority or inferiority to the subject. Generally, it is perceived that smaller units are worth more per sq.m. than larger units, due to its affordability, and a wider spectrum of end-users.

Condition

This pertains to the age and the degree of maintenance of the subject building with consideration to physical deterioration and other factors deemed relevant.

Architectural Quality

The architectural design of a building can greatly enhanced its marketability. A good architectural design may cost more but can certainly boost its marketing power aside from prolonging the economic life of the Property.

Amenities/Utilities

This addresses the availability of basic amenities such as elevators, air-conditioning units, security system and utilities such as water, power, sewer, and storm drains at or near the sites analysed. These necessities cannot be deferred when the site is developed and any differences between each comparable and the subject represents an expense, which will materially affect the investment value of the Property.

Unit Type

The type of the unit has an effect on the value of the Property as this dictates the return an owner can expect from it. Normally, a commercial unit is valued higher than a similarly situated residential unit.

Summary of Adjustments

The Data Comparison Grid shown on Appendix **7** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Evidence of comparable properties

4.3 Analysis of Comparable Properties Offered for Sale

Based on our interview with the building manager of Robinsons Equitable Tower, majority of the units within Robinsons Equitable Tower are not being offered for sale but rather being offered for lease only. Due to scarcity of data, we widened our market survey to other similar office buildings within Ortigas Center. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, unit and building locations, architectural quality, building rated classification, and offered amenities/utilities. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A warm shell office unit containing a floor area of 110.00 sq. m., more or less, located at the 16th Floor of Philippine Stock Exchange Center, along Exchange Road, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP14,000,000 or about of PhP127,272.73 per sq. m.
   Source: Mr. Gerald Evangelista (0917) 552-2298

2. A warm shell office unit containing a floor area of 101.00 sq. m., more or less, located at the 4th floor of AIC Burgundy Empire Tower, along ADB Avenue corner Garnet Road, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP12,400,000 or about PhP122,722.28 per sq.m.
   Source: Ms. Regine Meynagcot (0917) 512-7184

3. A fitted office unit containing a floor area of 130.00 sq. m. located at the 28th floor of Jollibee Plaza, along Emerald Avenue, Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP13,000,000 or about PhP100,000 per sq.m.
   Source: Mr. Jayson Manaol (0917) 822-1447

In addition, we have likewise conducted market survey of parking slots in various similar condominium buildings within Ortigas Center. Normally, parking slots are sold on a per slot basis and according to our survey, the value may range from PhP700,000 to P800,000 per slot, and can go as high as PhP1,000,000, depending on the slot and building location, building age, and the amenities available in the building.

Unit Value of the Subject Units

4.4 As reflected in the Comparison Grids, attached herein as Appendix **7**, the Unit Value of the subject units, as clustered per zone, are as under:

	Unit Value (PhP/ sq. m.)
Low Zone (12th to 21st Floor)	92,000
Mid Zone (22nd to 32nd Floor)	96,000
High Zone (33rd to 45th Floor)	101,000

Meanwhile, the value of the Parking Slots is estimated at PhP800,000 per slot.

Market Value of the Property by Market Approach

4.5 Having taken into consideration the above comments, assumptions and nature of the Property, the Market Value of the Property by Market Approach is summarized on the next page as:

DESCRIPTION	Total Area/Zone (sq. m.)	Unit Value (PhP/sq. m.)	Market Value (PhP)
Office Condominium Units			
Low Zone (12th to 21st Floor)	698.00	92,000	64,216,000
Mid Zone (22nd to 32nd Floor)	7,539.00	96,000	723,744,000
High Zone (33rd to 45th Floor)	3,227.03	101,000	325,930,000

			1,113,890,000
Parking Slots	38 slots @ PhP800,000 per slot		**30,400,000**

		Total	**1,144,290,000**
			===========
		Rounded to	**1,144,000,000**
			===========

Income Approach

Income Approach 4.6 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

Discounted Cash Flow Analysis 4.7 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.8 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.9 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.10 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.11 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.12 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown on the next page is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

4.13 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and have arrived at the following: 0.8% for Management Risk and 0.9% for Liquidity Risk.

Resulting Discount Rate

4.14 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.15 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions

4.16 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 for a period of 10 years.

ii. The revenues come from the rental of office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Management Dues and Aircon Dues are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services and A/C use (exclusive of power consumption).

iii. It would be important to note that Management Dues collected act as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 99% while the historical average performance of the Property for the last two years is at 97%. For this valuation exercise, we are assuming an average vacancy allowance of 3%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 7% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: repairs & maintenance, management fee, loss from CUSA and miscellaneous expenses. While under General Administrative Expense are –taxes and licenses, commissions, insurance, communication and supplies expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **5**.

Direct Capitalization Method

4.17 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.18 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value

4.19 Market Value is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.20 The valuation date is **30 June 2021**.

Assumptions

Assumptions

4.21 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions

4.22 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as details of the condominium units, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumptions

4.23 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.24 We have adopted the details of the subject units provided to us by the Client and have assumed this to be accurate. Further, the subject units were assumed to be owned by Robinsons Land Corporation.

4.25 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

Valuation Results

Using Market Approach

4.26 Using the **Market Approach**, the Market Value of the Property, may be summarized on the next page as:

DESCRIPTION	Market Value (PhP)
Office Condominium Units	
Low Zone (12th to 21st Floor)	64,216,000
Mid Zone (22nd to 32nd Floor)	723,744,000
High Zone (33rd to 45th Floor)	325,930,000
	1,113,890,000
Parking Slots	**30,400,000**
TOTAL	**1,144,290,000**
ROUNDED TO	**1,144,000,000**

4.27 The Market Value of the Property is estimated at **PhP1,144,000,000 (ONE BILLION, ONE HUNDRED FORTY-FOUR MILLION PHILIPPINE PESOS).**

Using Income Approach

4.28 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP3,426,000,000**
Direct Capitalization Method	**PhP3,971,000,000**

Calculation 4.29 We attach a copy of our valuation calculations for the Income Approach at Appendix **5 & 6**.

Comments 4.30 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Market Approach. This is because, unlike the Income Approach, the Market Approach does not capture the income potential of the Property.

4.31 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.32 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP3,426,000,000 (THREE BILLION, FOUR HUNDRED TWENTY-SIX MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ………………………………. PhP3,426,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. **Electronic Communication**

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. **Acceptance**

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely, **SANTOS KNIGHT FRANK, INC.**	Approved and Agreed to by: **ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC® Director & Head of Valuations Mabel.Luna@santos.knightfrank.ph M (63-917) 865 3712	**MR. FREDERICK D. GO** President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION

43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
   1. Valuation for 4 Properties
   2. Periodic Update of 14 Properties
      Under REIT Company (Quarterly basis – optional)
   3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear..

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

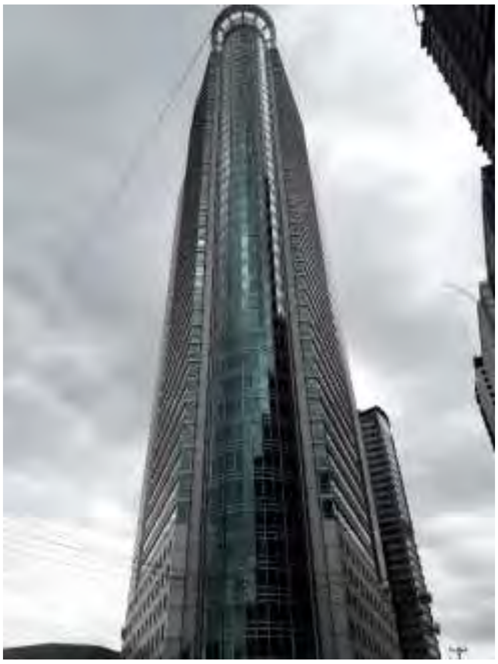
If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

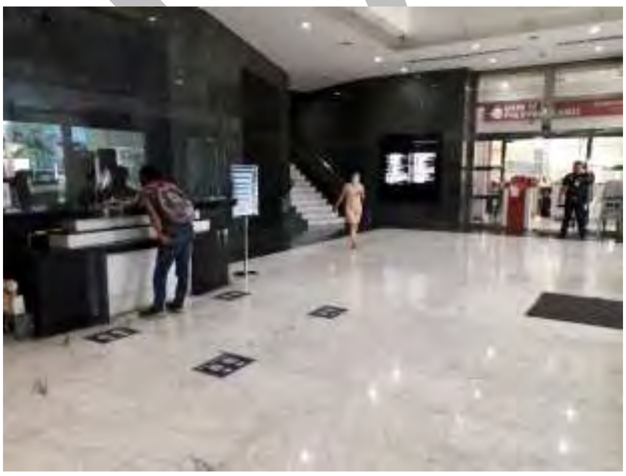
Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

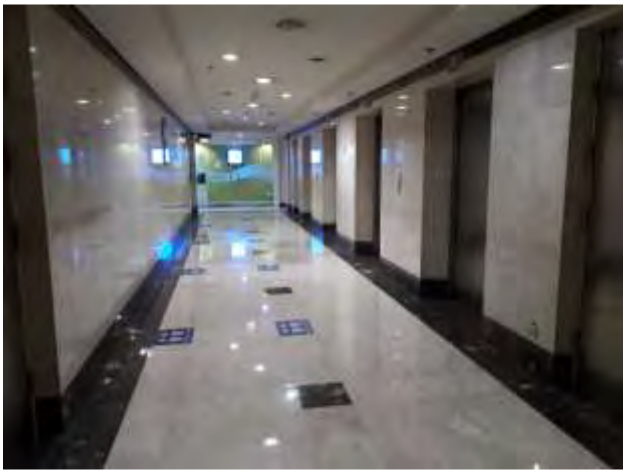
Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)







Appendix 5 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS EQUITABLE TOWER
PROPERTY ADDRESS:	:	Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	14,364.50 sq.m.
Total No. of Parking Slots	:	38

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	79,839,617	162,813,521	167,393,014	171,656,010	177,026,311	182,824,070	187,916,628	192,751,889	198,782,181	205,292,463	104,638,270	216,440,374
Parking Slots	1,622,384	3,295,148	3,341,763	3,455,071	3,538,324	3,618,085	3,674,019	3,795,088	3,891,249	3,978,967	2,003,635	4,173,624
Other Areas	1,285,267	2,633,286	2,599,787	2,663,311	2,793,830	2,917,788	2,919,291	2,990,622	3,137,181	3,276,374	3,278,060	3,358,158
Gross Leasing Revenues	82,747,268	168,741,956	173,334,563	177,774,391	183,358,465	189,359,944	194,509,937	199,537,599	205,810,612	212,547,803	109,919,966	223,972,156
Less: Vacancy Allowance	*2,561,773*	*5,216,654*	*5,334,561*	*5,486,691*	*5,644,906*	*5,809,518*	*4,699,548*	*4,833,682*	*4,974,415*	*5,118,016*	*2,620,562*	*5,383,790*
Net Leasing Revenues	80,185,496	163,525,302	168,000,002	172,287,701	177,713,559	183,550,425	189,810,389	194,703,917	200,836,196	207,429,787	107,299,403	218,588,366
Other Income												
Management Dues	9,309,416	18,467,047	18,467,047	18,467,047	18,467,047	19,390,400	19,390,400	19,489,330	19,489,330	19,489,330	9,664,572	20,463,797
Aircon Dues	5,648,200	10,980,224	10,980,224	10,980,224	10,980,224	11,529,235	11,588,058	11,588,058	11,588,058	11,588,058	5,746,407	12,167,460
NET REVENUES	95,143,111	192,972,573	197,447,273	201,734,972	207,160,830	214,470,060	220,788,846	225,781,305	231,913,584	238,507,175	122,710,382	251,219,623
OPERATING COSTS & EXPENSES												
Repairs & Maintenance	760,381	1,550,673	1,593,106	1,633,765	1,685,217	1,740,567	1,799,929	1,846,333	1,904,484	1,967,009	1,017,496	2,072,824
Management Fee	3,912,678	7,979,271	8,197,616	8,406,836	8,671,592	8,956,404	9,261,861	9,500,642	9,799,869	10,121,605	5,235,710	10,666,092
Loss from CUSA												
Power Charges - net	184,318	375,887	386,173	396,029	408,501	421,918	436,307	447,556	461,652	476,808	246,643	502,458
Water Charges - net	-	-	-	-	-	-	-	-	-	-	-	-
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expense	47,206	95,744	97,964	100,092	102,784	106,410	109,545	112,022	115,065	118,336	60,883	124,644

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS EQUITABLE TOWER
PROPERTY ADDRESS:	:	Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	14,364.50 sq.m.
Total No. of Parking Slots	:	38

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		-	-	-	-	-	-	-	-	-	-	-	-
Taxes & Licenses		1,901,337	3,771,674	3,884,824	3,884,824	3,884,824	3,884,824	4,001,369	4,001,369	4,001,369	4,001,369	2,043,768	4,121,410
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		109,702	483,657	784,112	625,848	293,454	556,204	558,229	902,899	724,749	340,310	318,340	642,963
Insurance Expense		5,413	10,979	11,234	11,478	11,786	12,202	12,562	12,846	13,195	13,570	6,982	14,293
Communication		3,810	7,727	7,906	8,078	8,295	8,588	8,841	9,041	9,286	9,550	4,913	10,059
Rent Expense		-	-	-	-	-	-	-	-	-	-	-	-
Supplies Expense		2,900	5,881	6,018	6,148	6,314	6,536	6,729	6,881	7,068	7,269	3,740	7,656
Travel & Transportation		-	-	-	-	-	-	-	-	-	-	-	-
Representation & Entertainment		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS & EXPENSES		6,927,743	14,281,494	14,968,952	15,073,097	15,072,767	15,693,653	16,195,372	16,839,589	17,036,736	17,055,827	8,938,475	18,162,398
NET OPERATING INCOME		88,215,368	178,691,079	182,478,321	186,661,875	192,088,063	198,776,407	204,593,475	208,941,716	214,876,849	221,451,348	113,771,907	233,057,225
CAPEX	1.5%	1,202,782	2,452,880	2,520,000	2,584,316	2,665,703	2,753,256	2,847,156	2,920,559	3,012,543	3,111,447	1,609,491	3,278,825
NOI after CAPEX		87,012,585	176,238,199	179,958,321	184,077,559	189,422,360	196,023,150	201,746,319	206,021,158	211,864,306	218,339,901	112,162,416	229,778,400
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		83,313,430	154,812,667	145,028,008	136,098,800	128,486,706	121,985,390	115,180,663	107,909,401	101,807,261	96,255,947	47,378,616	89,046,678

Total Present Worth of Cashflows		1,238,256,889
Terminal Value of Property at 11Y	4.5%	5,179,049,445
Discounted at	0.42	2,187,686,455

TOTAL PROPERTY VALUE	3,425,943,344
Rounded to, say	3,426,000,000

Appendix 6 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS EQUITABLE TOWER
PROPERTY ADDRESS:	:	Ortigas Center, Pasig City
TOTAL LEASABLE AREA:	:	14,364.50 sq.m.
Total No. of Parking Slots	:	38

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	162,813,521
Parking Slots	3,295,148
Other Areas	2,633,286
Gross Leasing Revenues	168,741,956
Less: Vacancy Allowance	5,216,654
Net Leasing Revenues	163,525,302
	-
Other Income	-
Management Dues	18,467,047
Aircon Dues	10,980,224
NET REVENUES	192,972,573
OPERATING COSTS & EXPENSES	
Contracted Services	
Repairs & Maintenance	1,550,673
Management Fee	7,979,271
Loss from CUSA	-
Power Charges - net	375,887
Water Charges - net	-
Aircon Dues (Expense)	-
Others	-
Miscellaneous Expense	95,744
General and Administrative Expense	-
Salaries & Wages	-
Taxes & Licenses	3,771,674
Advertising & Promotions Expense	-
Commission Expense	483,657
Insurance Expense	10,979
Communication	7,727
Rent Expense	-
Supplies Expense	5,881
Travel & Transportation	-
Representation & Entertainment	-
TOTAL COSTS & EXPENSES	14,281,494
	-
NET OPERATING INCOME	178,691,079
Capitlization Rate	4.5%
TOTAL PROPERTY VALUE	3,970,912,866
Rounded to, say	3,971,000,000

Appendix 7 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID (Low Zone Units)							
	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Low Zone (12th to 21st Floor), Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	16th Floor, Philippine Stock Exchange Center, Exchange Rd., Ortigas Center, Pasig City		4th Floor, AIC Burgundy Empire Tower, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		28th Floor, Jollibee Plaza, Emerald Avenue, Ortigas Center, Pasig City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		14,000,000.00		12,400,000.00		13,000,000.00	
Size (sq. m.) - Ave. Floor Area	116.33	110.00		101.00		130.00	
Price Per sq.m. (Unadjusted)		PHP 127,272.73		PHP 122,772.28		PHP 100,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			127,272.73		122,772.28		100,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-25%	Allowance	-25%	Allowance	-15%
Adjusted Price			95,454.55		92,079.21		85,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			95,454.55		92,079.21		85,000.00
PHYSICAL ADJUSTMENTS							
Location (Building)	ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	Exchange Rd, Ortigas Center, Pasig City		ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		Emerald Avenue, Origas Center, Pasig City	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Location (Unit/view)	Low Zone (12th to 21st Floor)	Low Zone (16th Floor)		Low Zone (4th Floor)		Mid Zone (28th Floor)	
Comparison/Adjustment		equal	0%	equal	0%	superior	-5%
Size (Average)	116.33	110.00		101.00		130.00	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Building Condition	Good	Good		Good		Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Architectural Quality (Bldg.)	Good	Good		Good		Fair	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Utilities / Amenities	Available	Available		Available		Available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Fitted	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-10%
Total Gross Adjustments			0%		0%		25%
Total Net Adjustments			0%		0%		-5%
Final Adjusted Price (Net Adjustment Basis)		95,454.55		92,079.21		80,750.00	
Weight		41.5%		41.5%		17.0%	
Weight Equivalent		39,613.64		38,212.87		13,727.50	
Value per sqm		91,554.01					
ROUNDED TO		92,000.00 per sq.m.					

MARKET DATA COMPARISON GRID
(Mid Zone Units)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Mid Zone (22nd to 32nd Floor), Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	16th Floor, Philippine Stock Exchange Center, Exchange Rd., Ortigas Center, Pasig City		4th Floor, AIC Burgundy Empire Tower, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		28th Floor, Jollibee Plaza, Emerald Avenue, Ortigas Center, Pasig City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		14,000,000.00		12,400,000.00		13,000,000.00	
Size (sq. m.) - Ave. Floor Area	117.80	110.00		101.00		130.00	
Price Per sq.m. (Unadjusted)		PHP 127,272.73		PHP 122,772.28		PHP 100,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			127,272.73		122,772.28		100,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-25%	Allowance	-25%	Allowance	-15%
Adjusted Price			95,454.55		92,079.21		85,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			95,454.55		92,079.21		85,000.00
PHYSICAL ADJUSTMENTS							
Location (Building)	ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	Exchange Rd, Ortigas Center, Pasig City		ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		Emerald Avenue, Origas Center, Pasig City	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Location (Unit/view)	Mid Zone (22nd to 32nd Floor)	Low Zone (16th Floor)		Low Zone (4th Floor)		Mid Zone (28th Floor)	
Comparison/Adjustment		inferior	5%	inferior	5%	equal	0%
Size (Average)	117.80	110.00		101.00		130.00	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Building Condition/Grade	Good	Good		Good		Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Architectural Quality (Bldg.)	Good	Good		Good		Fair	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Utilities / Amenities	Available	Available		Available		Available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Fitted	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-10%
Total Gross Adjustments			5%		5%		20%
Total Net Adjustments			5%		5%		0%
Final Adjusted Price (Net Adjustment Basis)		100,227.27		96,683.17		85,000.00	
Weight		41.5%		41.5%		17.0%	
Weight Equivalent		41,594.32		40,123.51		14,450.00	
Value per sqm		96,167.83					
ROUNDED TO		96,000.00	per sq.m.				

MARKET DATA COMPARISON GRID
(High Zone Units)

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	High Zone (33rd to 45th Floor), Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	16th Floor, Philippine Stock Exchange Center, Exchange Rd., Ortigas Center, Pasig City		4th Floor, AIC Burgundy Empire Tower, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		28th Floor, Jollibee Plaza, Emerald Avenue, Ortigas Center, Pasig City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		14,000,000.00		12,400,000.00		13,000,000.00	
Size (sq. m.) - Ave. Floor Area	124.12	110.00		101.00		130.00	
Price Per sq.m. (Unadjusted)		PHP 127,272.73		PHP 122,772.28		PHP 100,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			127,272.73		122,772.28		100,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-25%	Allowance	-25%	Allowance	-15%
Adjusted Price			95,454.55		92,079.21		85,000.00
Change in Market Conditions	June 30,2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			95,454.55		92,079.21		85,000.00
PHYSICAL ADJUSTMENTS							
Location (Building)	ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	Exchange Rd, Ortigas Center, Pasig City		ADB Avenue corner Garnet Road, Ortigas Center, Pasig City		Emerald Avenue, Origas Center, Pasig City	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Location (Unit/view)	High Zone (33rd to 45th Floor)	Low Zone (16th Floor)		Low Zone (4th Floor)		Mid Zone (28th Floor)	
Comparison/Adjustment		inferior	10%	inferior	10%	inferior	5%
Size (Average)	124.12	110.00		101.00		130.00	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Building Condition/Grade	Good	Good		Good		Good	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Architectural Quality (Bldg.)	Good	Good		Good		Fair	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Utilities / Amenities	Available	Available		Available		Available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Unit Type	Office	Office		Office		Office	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Others (Unit Condition)	Warm Shell	Warm Shell		Warm Shell		Fitted	
Comparison/Adjustment		equal	0%	equal	0%	Superior	-10%
Total Gross Adjustments			10%		10%		25%
Total Net Adjustments			10%		10%		5%
Final Adjusted Price (Net Adjustment Basis)		105,000.00		101,287.13		89,250.00	
Weight		41.5%		41.5%		17.0%	
Weight Equivalent		43,575.00		42,034.16		15,172.50	
Value per sqm		100,781.66					
ROUNDED TO		101,000.00 per sq.m.					

Appendix 8 - Property Description

Robinsons Equitable Tower

As seen during our inspection for the previous valuation done, Robinsons Equitable Tower is a PEZA registered, Grade A office building. Formerly known as Robinsons PCI Bank Tower, the building was completed sometime in September 1999 and stands at 175 meters, making it one of the tallest building in the country then.

It is a forty-five (45)-storey building with 4-level basement, owned and developed by Robinsons Land Corporation. Originally intended to be a 40-storey condominium project between Robinsons Land Corp. and the former PCI Bank (which later on became Equitable PCI Bank after the merger of Equitable Bank and PCI Bank, hence the name change) and will follow the original model of the Robinsons Galleria complex, it was then changed to a taller office building with a different design as originally planned.

The building was master-planned by the renowned architectural firm Hellmuth, Obata + Kassabaum (HOK), and was designed by Philippine architectural firm W.V. Coscolluela & Associates. R.S. Caparros Associates & Company, undertook the structural design consulting for the building. Construction Management services were provided by D.A. Abcede & Associates, an established construction management company in the Philippines, the Project Management services were provided by Veldon Corporation Phils. Inc. led by its Project Manager Anthony Gulliver and his Assistant Project Manager Nelson G. Evangelista, MSCE, MBA, MSML, an established project management company, while the general contractor for the project is D.M. Consunji, Inc., one of the largest construction firm in the country.

The building's exterior made use of green-shaded aluminum high-performance glass curtain and ACP cladding walls and punched windows, with a sleek semi-circular and almost cylindrical portion rising from the corner of ADB Avenue and Poveda Road. The building also has a rooftop master antenna provided for the entire building's communication system needs, and has a distinctive rooftop crown serving as an architectural highlight to the entire building.

Ground floor is utilized as main lobby and partly for retail purposes. The four (4)-level basement and 3rd up to the 7th floors are used mainly as parking areas exclusively intended for the unit owners, while the rest of the upper floors up to the 45th floor is intended for office use. Portion of the 45th floor also houses the sub-station while on top of it are various machine rooms.

The building is equipped with a building management, security surveillance system, fire protection & detection systems, and CCTV security system. The building is provided with ample provision for entrance cables of telephone lines, space provisions for unit owner-supplied Variable Refrigerant Volume (VRV) air conditioning systems, and individual metering systems for effective operation and maintenance. It is also equipped with a centrally located service core housing twelve (12) high-speed passenger elevators, one (1) freight/cargo elevators and two (2) shuttle elevators. In addition, there is also a helipad provided at the roof deck for VIP access.

Unit Description

The Property consists of several office condominium units located at various levels of the Robinsons Equitable Tower. We were not able to gain access to the interior of the subject units as these are presently occupied by various tenants. Based on exterior inspection and information obtained from interview gathered on site during our inspection, the interior finishes and fit-out of the units may vary from marble, ceramic, carpet and vinyl tiles flooring; gypsum and acoustic board ceiling; gypsum board, glass panel, and wood veneer partitions; and tempered glass and hollow core flush-type doors. The units are provided with lighting system and plumbing fixtures. Likewise, we were also informed that most of the interior finishes and fit-outs were introduced by the tenants themselves and these were disregarded in this valuation.

Based on documents provided to us by the Client, the Property consists of ninety-six (96) office condominium units, with a total floor area of **11,464.03 sq. m.**, and thirty-eight (38) standard-type parking slots. The ninety-six (96) units owned by Robinsons Land Corporation only comprised 27% of all units of Robinsons Equitable Tower.

Appendix 9 - BIR Zonal Value

REVENUE REGION NO. 7, QUEZON CITY
REVENUE DISTRICT OFFICE NO. 043, PASIG CITY

PROVINCE : N C R
CITY / MUNICIPALITY : CITY OF PASIG
BARANGAY : SAN ANTONIO (CONTINUATION)

D.O. NO. 067-2018
Effectivity Date 12/28/2018

STREET NAME/ SUBDIVISION/ CONDOMINIUM/TOWNHOUSE	VICINITY	CLASSIFICATION	6TH REVISION ZV/SQ.M
PARC CHATEAU	GARNET-ONYX-SAPPHIRE	RC	79,000.00
		CC	70,000.00
		PS	34,000.00
PARC ROYALE	JADE DRIVE	RC	60,000.00
		CC	71,000.00
		PS	42,000.00
PEARL CONDO/ THE PEARL PLACE	Cor. LOURDES & PEARL DRIVE	RC	60,000.00
		CC	71,000.00
		PS	42,000.00
PEARL PLAZA 8101	PEARL DRIVE	CC	71,000.00
		PS	42,000.00
PEARL PLAZA CONDO	SAN ANTONIO	CC	*
PHIL. STOCK EXCHANGE CTR	EXCHANGE ROAD	CC	66,000.00
		PS	40,000.00
PRESTIGE TOWER CONDO	F. ORTIGAS JR. AVE - GARNET ROAD	CC	75,000.00
		PS	42,000.00
RAFFLES CORPORATE CENTER	F. ORTIGAS JR. AVE - GARNET ROAD	CC	76,000.00
		PS	42,000.00
RESIDENCIA 8888	PEARL DRIVE - AMETHYST	RC	72,000.00
		PS	36,000.00
RICHMOND HOTEL	LOURDES ST COR SAM MIGUEL AVE	CC	71,000.00
		PS	42,000.00
ROBINSON PCI BANK TOWER	ADB AVENUE	CC	71,000.00
		PS	42,000.00
RSG TOWNHOUSE	SAN ANTONIO	RC	50,000.00
		PS	32,000.00
SAPPHIRE RESIDENCES	SAPPHIRE - GARNET RD.	RC	71,000.00
		PS	42,000.00
STRATA 100 BLDG	F. ORTIGAS JR. AVE - RUBY ROAD	CC	71,000.00
		PS	42,000.00
STRATA 2000 BLDG	F. ORTIGAS JR. AVE - GARNET ROAD	CC	71,000.00
		PS	42,000.00
TAIPAN PLACE CONDO	F. ORTIGAS, JR ROAD - GARNET ROAD	CC	71,000.00
		PS	42,000.00
TEKTITE	SAN ANTONIO	RC	**
THE CENTRIA RESIDENCIA	GEN. DELGADO ST.	RC	60,000.00
		PS	34,000.00
THE EXCHANGE REGENCY	MERALCO AVE - EXCHANGE RD	RC	60,000.00
		CC	71,000.00
		PS	42,000.00
THE LINK CENTRE	GEN. ATIENZA ST.	RC	60,000.00
		CC	71,000.00
		PS	42,000.00
THE NEW VALLE VERDE TERRACES	MERALCO AVE SAN ANTONIO	RC	52,000.00
		PS	35,000.00
THE ORIENT SQUARE	F. ORTIGAS, JR. AVE.	CC	71,000.00
		PS	42,000.00

Note: 1.) Zonal Value of parking slot of a condominium/townhouse shall be seventy (70%) of the established zonal value of the condominium/townhouse.
2.) The ground floor of the residential condominium shall be classified as commercial and twenty percent (20%) of the established value shall be added thereto.

Note: The Zonal Value was not considered in this valuation but merely shown as a guide or tool. Zonal values do not reflect the interplay of market forces in a property but are used solely for establishing the value of a property for taxation purposes, set and implemented by the Bureau of Internal Revenue. Streets are "zoned" accordingly, and valued. These values are used as basis for the payment of Capital Gains Tax in acquisition proceedings. These values do not, per se, reflect the true market conditions in any particular locality, but are merely used as a guide or tool.

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

BRIG NOLI M. ROSANES

APPRAISER

T: +632 7752 2580

F: +632 7752 2571

Brig.Rosanes@santos.knightfrank.ph

Brig Noli M. Rosanes is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Rosanes was involved with Asian Appraisal Company Inc. He started there as Assistant Appraiser then got promoted after six (6) months as full time Staff Appraiser in September 2018. During his three (3) years experience in his field, he has gained immense experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate, industrial estate and light transportation and equipment. He is now currently expanding his expertise and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Civil Engineering, Technological Institute of the Philippines - Manila

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Cyber Sigma -
Lawton Avenue, McKinley West
Fort Bonifacio, Taguig City
Metropolitan Manila, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metropolitan Manila, Philippines.		
Description	The Property comprises <u>land (leasehold), leasehold improvements, and building machinery & equipment</u> of a site identified as Cyber Sigma, a PEZA registered, Grade A office building located on the north side of Lawton Avenue extending northward to Le Grand Avenue, some 420 meters southwest from Upper McKinley Road.		
Land Area	5,000 sq.m.		
Gross Floor Area	73,522.08 sq.m.	**Gross Leasable Area**	49,970.31 sq.m.
Occupancy	100%	**WALE**	4.08 years
Ave. Lease Rate	PhP827/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (18.68 years)		
MARKET VALUE **(Income Approach)**	**<u>PhP5,823,000,000</u>** **FIVE BILLION, EIGHT HUNDRED TWENTY-THREE MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Martin John L. Encomienda
Appraiser

Raymond F. Dechavez
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of land (leasehold), leasehold improvements, and building machinery & equipment of a site identified as "Cyber Sigma" located along **Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metropolitan Manila**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.14 The valuation process was performed by **Martin John L. Encomienda** and **Raymond F. Dechavez**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection

1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations

1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- floor area tabulation
- lease contract/revised lease payment/deed of assignment
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

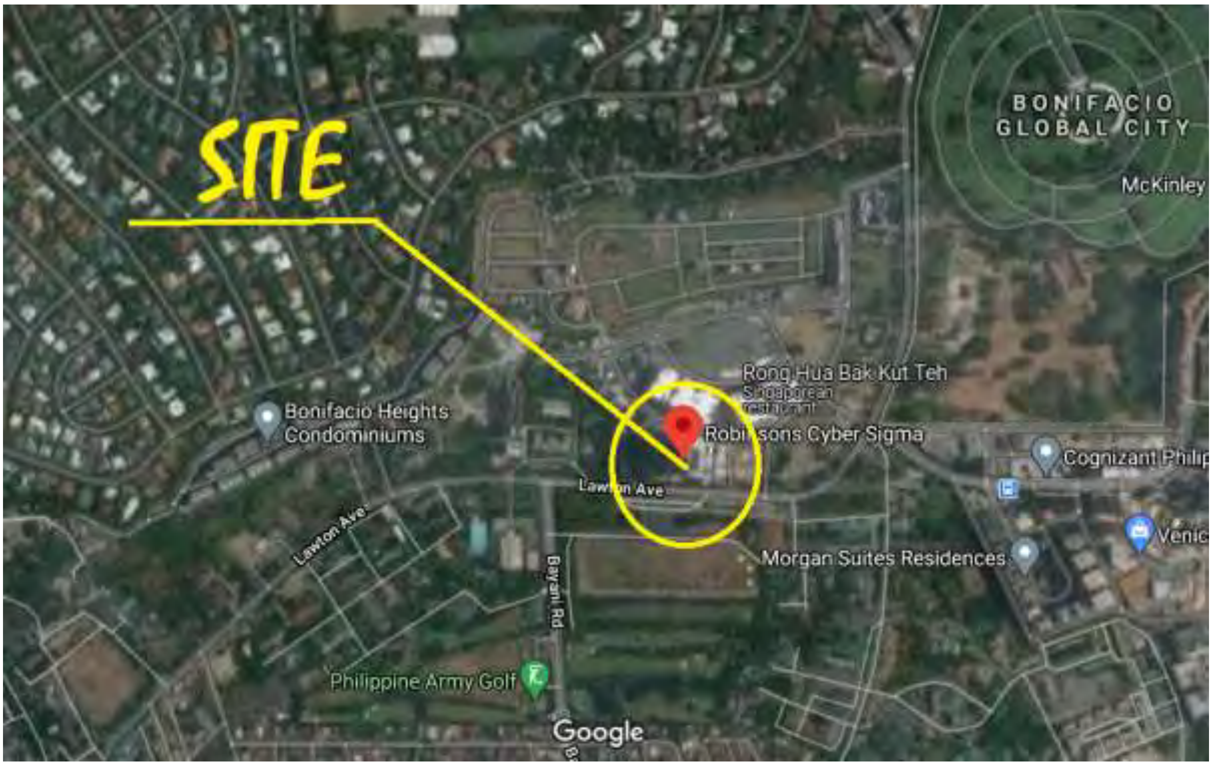
Location

Address 2.1 The Property, identified as Cyber Sigma, is an office building located along the north side of Lawton Avenue extending northward to Le Grand Avenue, within McKinley West, Fort Bonifacio, Taguig City, Metropolitan Manila.

The site is between the National Mapping and Resource Information Authority (NaMRIA) compound and Ten West campus, just across West Campus Towers on the north and Philippine Army National Head Quarters Compound on the south, about 420 meters west from the corner of Upper McKinley Road and Lawton Avenue, some 1.3 kilometers southwest from Essensa Towers, and about 1.5 kilometers southwest from the intersection of 5th Avenue and McKinley Parkway. Additionally, it is about 2.3 kilometers northeast from the corner of Lawton Avenue and South Luzon Expressway.

Lawton Avenue is about 18 meters wide, concrete-paved and provided with concrete curbs and gutters, underground drainage system, cemented sidewalks and a center island.

Below is a satellite image of the district courtesy of Google Maps showing the Property and its relation to the immediate vicinity.



Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood

2.3 The Property is situated within McKinley West, a 34.5-hectare high-end township in Fort Bonifacio beside and south of Forbes Park. Apart from a posh residential village and rows of luxury residential estates, it will also have its own business park offering modern office towers as well as commercial/retail buildings.

Generally, the streets in the neighbourhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are asphalted and concreted, with widths ranging from 12 to 20 meters and lighted with mercury arc lamps.

Some of the notable developments in the area include “West Campus Towers”, “McDonalds NXTGEN”, “One World Square”, “McKinley West Village”, “The Venice Luxury Residences”, “The Venice Grand Canal Mall”, “Philippine Army National Headquarters Compound” and several others.

Accessibility

2.4 The Property fronts Lawton Avenue, a main thoroughfare providing excellent access to other major sections of the metropolis. It connects to South Luzon Expressway on the southwest and to the heart of Bonifacio Global City on the northeast. Public transport like jeepneys and taxicabs are available throughout the day along the fronting Lawton Avenue.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Legal Details

Contract of Lease and Deed of Assignment

2.5 We were provided with a copy of the Contract of Lease with Option to Purchase dated 14 August 2014 covering the subject land, executed by and between **Bases Conversion Development Authority**, as the Lessor, and **Altus San Nicolas Corporation**, as the Lessee.

We were also provided with a copy of the Deed of Assignment dated September 2014 assigning the above-mentioned Contract of Lease covering the subject land between **Bases Conversion Development Authority** and **Altus San Nicolas Corporation**. The Deed of Assignment was executed by and between **Altus San Nicolas Corporation**, as the Assignor, and **Robinsons Land Corporation**, as the Assignee.

Some of the salient details of the contract are as under:

- The Property is a 5,000-sqm portion of the Property identified as Lot 3 located along Lawton Avenue in Bonifacio Global City, Taguig City, Metropolitan Manila, Philippines;
- The Property is being leased on an "As-Is, Where-Is" basis for a period of twenty-five (25) years, commencing upon signing of the Contract, renewable under the same terms and condition (except for the lease rate) for a maximum of twenty-five (25) years, with an option to purchase on the 24th year of the initial lease period;
- If the Option to Purchase is not exercised, all buildings and permanent facilities/improvements the Lessee introduced shall automatically become BCDA's properties upon the expiration of the Contract's original term. For this purpose, improvements shall refer to those introduced by the Lessee which cannot be removed without defacing or damaging the integrity of the structure of the building.
- The Contract shall not be tacitly renewed despite the Lessee's continuous possession of the Property for any period of time after the expiration of the Contract's term. For this purpose, the Lessee shall inform BCDA of its intention to renew the lease or exercise its Option to Purchase not earlier than three (3) years or later than one (1) year prior to the Contract's expiration. Consequently, in the event that the Lessee exercises its option to renew its lease over the Property, the new lease rate shall cover the land as well as the building and improvements transferred to BCDA.
- The Lessee shall pay to BCDA the total amount of FIVE HUNDRED SIXTY MILLION EIGHT HUNDRED THOUSAND (PhP560,800,000) VAT inclusive, as Advance Lease Rental for the first fourteen (14) years of this Contract.
- The Fixed Lease starting on the fifteenth year of this Contract shall be FIFTY MILLION PESOS (PHP50,000,000), inclusive of twelve percent (12%) VAT. It shall be subject to three percent (3%) escalation every year until the 25th year of the lease.

- The Fixed Lease shall be accordingly adjusted if and when there is any change in the VAT rate since VAT is a pass-on tax. The LESSEE agrees to pay any other gross receipts tax and any other taxes which may be legally imposed by the pertinent government entity on the Lessee on the lease payment in the future.
- In the event that the Lessee exercises its option to renew as provided in Section 2 of Contract of Lease with Option to Purchase, the Parties shall have the Property, including the improvements, appraised by two (2) independent appraisers mutually acceptable to them at the beginning of the 25th year of the lease. The cost of the appraisal shall be equally borne by the Parties.
- The Fixed Lease for the initial year of the extension period shall be five percent (5%) of the average appraised fair market value of the Property on the 25th year of the lease including the improvements.
- The escalation rate of three percent (3%) every year shall again apply on the Annual Lease beginning the second (2nd) year of extension period.
- The maximum allowable GFA for the Property is sixty thousand square meters (60,000 sq.m.) excluding parking spaces and allowable FAR shall be FAR 12.

Revised Lease Payment 2.6 We were also provided with a copy of a letter from BCDA dated 01 August 2016 that pertains to the revised lease payment for the Property. Based on this, a 13.63% rental reduction was applied on the original rental rates. We did not conduct further research regarding the veracity of this document and have relied on the information therein in our valuation.

Tenure 2.7 As evidenced by the Contract of Lease above, ownership rights to the Land is **leasehold.**

Terrain 2.8 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Leasehold Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.9 The land is presently improved with a twenty-one (21)-storey office building with roof deck identified as Cyber Sigma, a PEZA registered, Grade A office building, construction of which was completed sometime in August 2017. Also included in this valuation are the appurtenant Building Machinery and Equipment. These are all described in detail in the Schedule of Assets (Appendix **8**).

Tenure 2.10 We were advised that the Client owns the improvements described above. As stated, the land is covered by a Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.11 Based on the gross floor area tabulation provided to us by the Client, the building has a total gross floor area of approximately 73,522.08 sq. m.

2.12 The Gross Floor Area (GFA) is tabulated as follows:

Unit	Description	Sq m
Lower Ground	Parking Spaces and Retail Units	4,879.35
Ground Floor	Retail Units	2,839.70
2nd to 6th Floor	Parking Spaces	17,690.50
7th to 21st Floor	Office Units	48,112.53

	Total	**73,522.08**

Condition

Scope of Inspection

2.13 As stated earlier, we have previously inspected the Property.

2.14 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.15 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.16 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.17 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.18 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.19 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.20 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.21 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.22 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

2.23 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

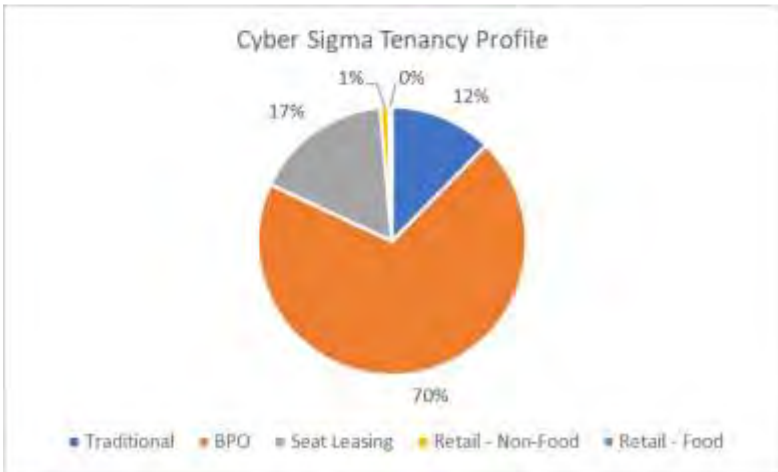
2.24 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	Lease Contract End
Tenant 1	147.97	02-May-17	01-Jul-22
Tenant 2	98.99	08-Jun-17	07-Dec-22
Tenant 3	108.79	08-May-17	07-Jul-22
Tenant 4	263.04	07-Jul-17	06-Sep-27
Tenant 5	89.44	27-Nov-19	10-Jan-25
	312.86	27-Mar-17	31-Oct-22
Tenant 6	3,538.10	27-Mar-17	31-Oct-22
	1,871.16	01-Aug-17	31-Oct-22
Tenant 7	88.75	01-Sep-18	30-Sep-22
Tenant 8	89.57	03-Jul-17	02-Sep-22
	66.31	18-Nov-18	02-Sep-22
Tenant 9	86.09	15-Sep-19	14-Oct-24
	72.63	15-Sep-19	14-Oct-24
Tenant 10	1,666.94	15-May-18	14-Aug-23
Tenant 11	3,538.10	12-Sep-17	01-Apr-23
	689.99	15-Mar-17	14-Jun-22
Tenant 12	840.09	15-Mar-17	14-Jun-22
	129.17	15-Mar-17	14-Jun-22
Tenant 13	197.39	01-Apr-21	30-Apr-24
	490.00	01-Apr-21	30-Apr-24
Tenant 14	689.99	01-Aug-17	31-Oct-22
Tenant 15	687.39	16-May-21	30-Jul-24
	840.09	16-May-21	30-Jul-24
Tenant 16	1,191.47	01-May-18	30-Sep-23
Tenant 17	1,881.45	01-Oct-17	31-Jan-23
	840.09	01-Jun-19	31-Aug-24
Tenant 18	687.39	01-Oct-18	31-Dec-23
	1,881.45	01-Apr-19	31-Oct-29
	1,527.48	01-Jul-19	31-Oct-29
	3,408.93	01-Nov-18	31-Oct-29
Tenant 19	3,408.93	01-Jan-18	31-Oct-29
	3,408.93	01-Jan-18	31-Oct-29
	1,881.45	01-Jan-18	31-Oct-29
	1,527.48	01-Apr-19	31-Oct-29

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	Lease Contract End
Tenant 20	3,408.93	01-Feb-18	31-May-23
	3,408.93	01-Jul-17	31-May-23
Tenant 21	2,568.84	01-Oct-17	31-Dec-22
	840.09	01-Mar-18	31-Dec-22
Tenant 22	304.15	01-Jan-21	31-Dec-23
Tenant 23	1,191.47	01-Jan-21	31-Dec-23

2.25 Based on the rent roll provided, total leasable area is **49,970.31** sq.m. with **565** parking slots are available for lease.

2.26 The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies, seat leasing offices and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 70% of the Property's leasable area followed by seat leasing offices at 17% and traditional offices at 12%.



Source:SKF/RLC

2.27 As of 30 June 2020, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 4.08 years. It has been noted that a sizeable area will expire in the years 2022, 2023 and 2029 with 24%, 35% and 34% of leased area respectively

Source:SKF/RLC

2.28 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways 2.29 The fronting roads are both 18 meters wide, concrete-paved and provided with curbs and gutters, cemented sidewalks and underground drainage system.

Access 2.30 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding 2.31 From our enquiries with the City Planning Office, and also due to its terrain, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination 2.32 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.33 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.34 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.35 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)

Outside Views of the Property

Building Lobby and Retail units

2.36 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

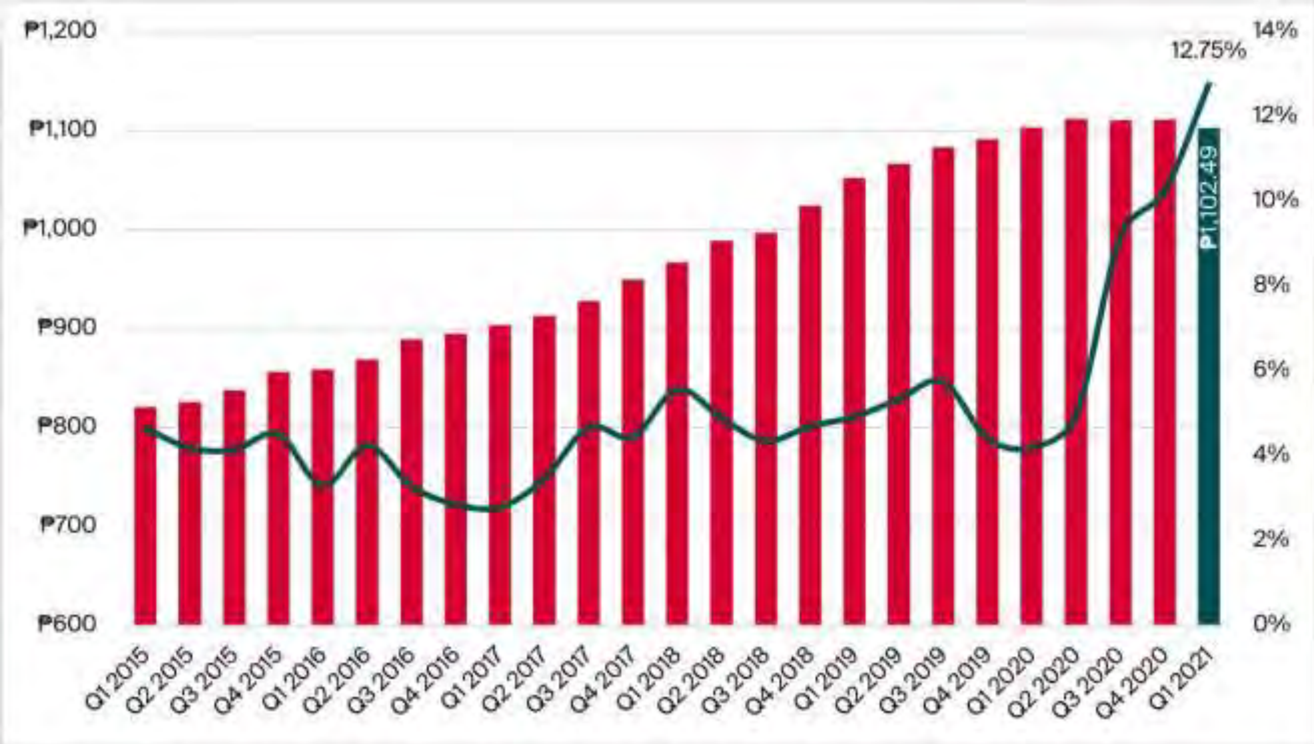
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

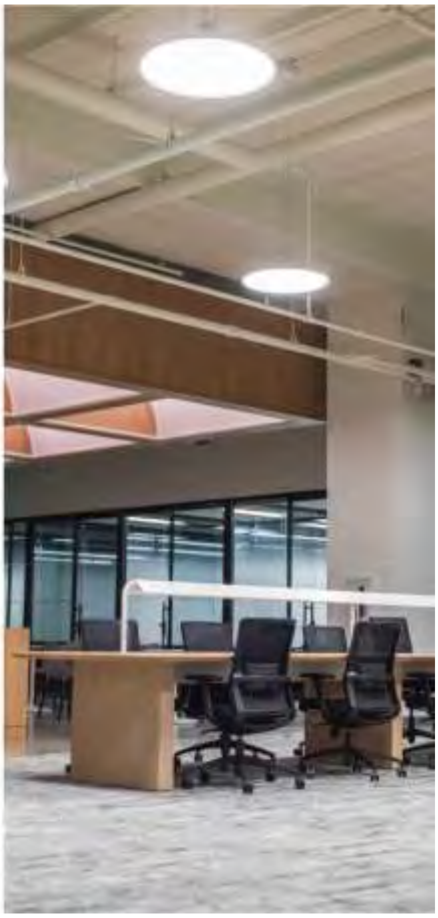
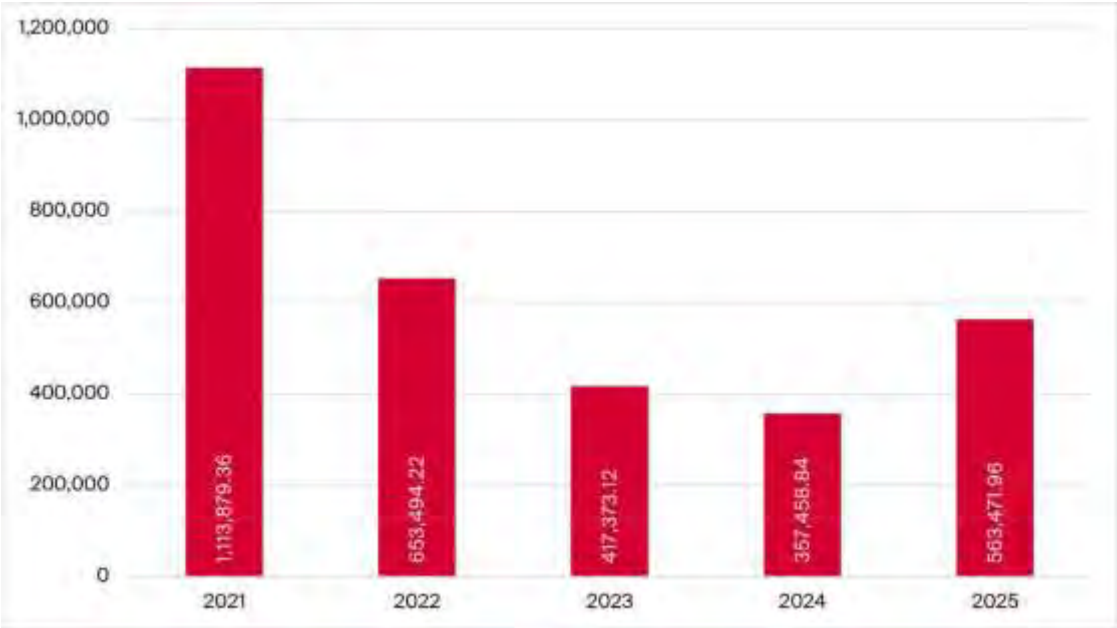


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;

- Estimation of the rental gains over the remaining term of the lease agreement, if any;
- Estimation of an appropriate discount rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 We have made a survey of existing ground leases of similar land in the vicinity of the subject property and found the following rental data that may be used for benchmarking or comparison purposes:

1. A commercial lot having an area of 2,052 sq.m. located along 29th Street near Burgos Circle, Bonifacio Global City, Taguig City, Metropolitan Manila, is currently offered for lease at an asking rate of PhP3,385,800 per month or about PhP1,650 per sq.m. per month. The Property is within an area classified as Urban Core Zone/Commercial with a maximum FAR of 12.
   Source: Ms. Minie Patolot (Cel. No. 0917-512-4595)
2. A commercial lot having an area of 988 sq.m. located along 21st Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila, is currently offered for lease at an asking rate of PhP1,185,600 per month or about PhP1,200 per sq.m. per month. The Property is within an area classified as Urban Core Zone/Commercial with a maximum FAR of 8.
   Source: Roma Barte (Cel. No. 0966-988-4190)
3. A commercial lot having an area of 1,083 sq.m. located along 20th Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila, is currently offered for lease at an asking rate of PhP1,299,600 per month or about PhP1,200 per sq.m. per month. The Property is within an area classified as Urban Core Zone/Commercial with a maximum FAR of 8.
   Source: Roma Barte (Cel. No. 0966-988-4190)

4.6 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP1,470 per sq. m. per month**, or a total of **PhP7,350,000 per month**, or say, **PhP88,200,000 per annum** for the subject land area of **5,000 sq. m.**

We attach a copy of our valuation calculations (comparison grid) at Appendix **7**.

Rental Gain

4.7 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.8 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 8.078%, or say, 8.10% (18.68-year T-bond rate at about 4.828% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.

For purposes of this valuation, we have adopted, as risk-free rate, the 18.68-year T-bond rate from PDEx which was arrived at by interpolating the 10 and 20-year rates. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.9 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Remaining Life of the Lease

4.10 Following instructions from the Client, 01 October 2021 was assumed as the date of commencement of sublease arrangement with RLC. Remaining life of the lease as of the date of valuation is 18.68 years.

Summary of Leasehold Assumptions

4.11 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBER SIGMA			
Lease Details			
Lessor	:	BASES CONVERSION DEVELOPMENT AUTHORITY (BCDA)	
Lessee	:	ALTUS SAN NICOLAS CORPORATION	
Lot Area	:	5,000	sq.m.
Term of Lease	:	25	years
Commencement Date	:	14-Aug-14	
Expiry Date	:	06-Mar-40	
Revised Lease Rate			
First 14 Years	:	484,362,960.00	(paid in advance)
Year 15 onwards	:	43,185,000.00	(annual)
Annual Escalation	:	3%	starting on year 16
Market Rent (in PhP)			
Monthly Rent	:	1,470.00	per sq.m.
Annual Rent	:	88,200,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		4.828	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.000	as of June 25, 2021 (OECD)
Additional Risk		0.250	risk premium for unidentifiable risk factors
		8.078	
Resulting Discount Rate, say		8.10%	

Leasehold Value

4.12 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP949,000,000.**

We attach a copy of our valuation calculations at Appendix **5**.

4.13 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General

Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Income Approach 4.14 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

Discounted Cash Flow Analysis 4.15 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.16 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value

Discount Rate

4.17 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (18.68Y)	4.83%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.18 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.19 For purposes of this valuation, we have adopted, as risk-free rate, the 18.68-year T-bond rate from PDEx which was arrived at by interpolating the 10 and 20-year rates. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
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1Y	1.6028	1.6037
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7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.20 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

4.21 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate

4.22 Resulting Discount Rate used for this valuation is 9.78%, or say, 10.0%.

Key Financial Assumptions

4.23 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

Cashflow projection starts in 2021 for a period of 18.68 years.

The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. Occupancy rate includes committed occupancy. For this valuation exercise, we are assuming an average vacancy allowance of 4%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

Operating Costs and Expenses are assumed to be an average of approximately 13% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and Real Estate expenses and general and administrative expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition

Resulting Market Value 4.24

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 10.00%.
b. The sum of discounted cashflows of the Property represents the Market Value of the Property.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **6**.

Valuation basis

Market Value 4.25 Market Value is defined in the 2019 **International Valuation Standards** as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.26 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.27 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions	4.28	Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as contract of lease, gross floor area tabulation, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.
	4.29	We have assumed that the title of the Property is clean and free of any liens and encumbrances.
Special Assumption	4.30	We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
	4.31	We have adopted the floor area tabulation provided to us by the Client and have assumed this to be accurate.
	4.32	Based on the Contract of Lease, the Lessee is Altus San Nicolas Corporation. We are not made aware of the relationship between Robinsons Land Corporation and the Lessee. For purposes of this valuation, we have assumed that Robinsons Land Corporation holds the leasehold rights for both the subject land and the improvements.
	4.33	We have assumed that the subject land has already been reclassified to Commercial and it is assumed that all applicable zoning and use regulations have been complied with for its current use.
	4.34	Our valuation of Machinery & Equipment has also undertaken the following special assumptions: We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage. Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.
	4.35	In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

Valuation Results

Using Cost Approach

4.36 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under:

Land (Leasehold Value)	**PhP949,000,000**
Leasehold Improvements	**1,724,000,000**
Building Machinery & Equipment	**480,327,000**

GRAND TOTAL	**PhP3,153,327,000**

ROUNDED TO	**PhP3,153,000,000**
	==============

4.37 The Market Value of the Property is estimated at **PhP3,153,000,000 (THREE BILLION, ONE HUNDRED FIFTY-THREE MILLION PHILIPPINE PESOS)**

Using Income Approach

4.38 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP5,823,000,000**

Calculation

4.39 We attach a copy of our valuation calculations for the Income Approach at Appendix **6**.

Comments

4.40 The value arrived at using the Income Approach is noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.41 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment.

We did not find it appropriate to use the Direct Capitalization Method because the current lease term only has 18.68 years remaining. In the Direct Capitalization Method, one has to assume that property would be held in perpetuity or could be likened to perpetuity if the lease term would outlive the useful life of the building. In the Property's case, remaining lease term is only 18.68 years and although it can be renewed for another 25 years, the lease contract states that the lease renewal would not only include the land but the building as well. By the time the lease is renewed for another 25 years, ownership of the building is relinquished to the land owner.

Conclusion of Value 4.42 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP5,823,000,000 (FIVE BILLION, EIGHT HUNDRED TWENTY-THREE MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 - 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533466 - 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken by):

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 - 01/05/2021; Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43[rd] Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely, **SANTOS KNIGHT FRANK, INC.**	Approved and agreed to by: **ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC® Senior Director & Head Valuation and Advisory Mabel.Luna@santos.knightfrank.ph M (63-917) 865 3712	**FREDERICK D. GO** President & Chief Executive Officer Date ____________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues
24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the

conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

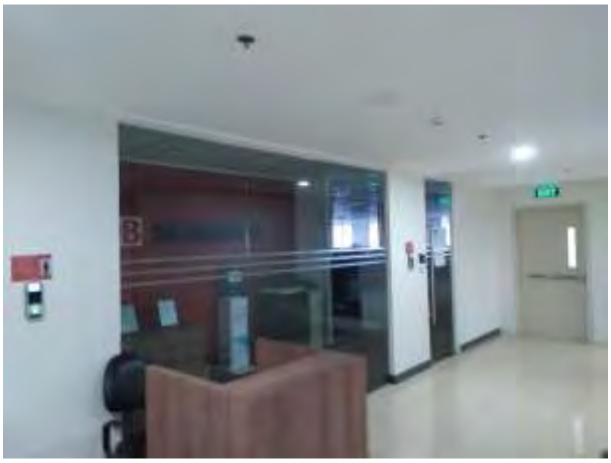
Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

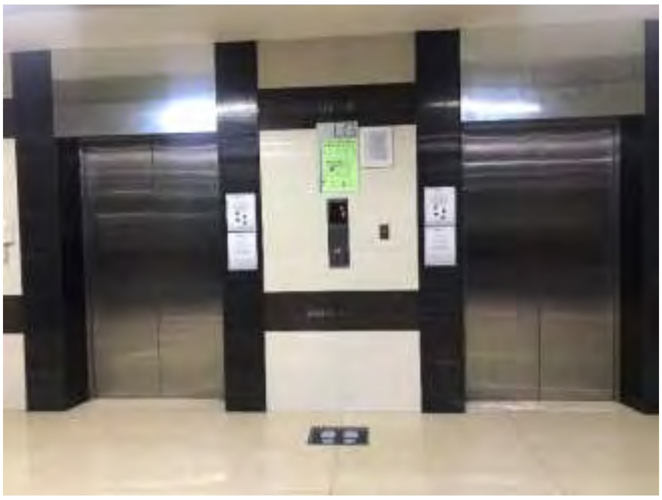
(SKF File Photos)








Various views of the Property



Passenger Elevator

Air Conditioning Units

Ventilating Units

Air Cooling System

Stand-by Generating Set

Firefighting and Water Distribution Equipment

Appendix 5 - Leasehold Value of the Land

Year Covered	Period Covered		Annual Contract Rent						Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Original Lease Rate (VAT Inclusive)	Revised Lease Rate (VAT Inclusive)	Rental Reduction (VAT Inclusive)	Amount Already Paid (VAT Inclusive)	Amount Payable (VAT Inclusive)	Amount Payable (VAT Exclusive)				
1	14 August, 2014	13 August, 2015	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-				
2	14 August, 2015	01 December, 2015		10,426,599.92		10,426,599.92	-	-				
Rent Free	02 December, 2015	24 June, 2016	40,057,142.86		5,459,788.57		-	-				
2	25 June, 2016	06 March, 2017		24,170,754.37		24,170,754.37	-	-				
3	07 March, 2017	06 March, 2018	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-				
4	07 March, 2018	06 March, 2019	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-				
5	07 March, 2019	06 March, 2020	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-				
6	07 March, 2020	06 March, 2021	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-				
7	07 March, 2021	30 September, 2021	22,827,084.15	19,715,752.58	3,111,331.57	19,715,752.58						
7	01 October, 2021	06 March, 2022	17,230,058.71	14,881,601.71	2,348,457.00	14,881,601.71	-	-	37,938,082	37,938,082	0.98	37,192,620
8	07 March, 2022	06 March, 2023	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	90,846,000	90,846,000	0.95	86,126,644
9	07 March, 2023	06 March, 2024	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	93,571,380	93,571,380	0.88	82,063,315
10	07 March, 2024	06 March, 2025	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	96,378,521	96,378,521	0.81	78,191,688
11	07 March, 2025	06 March, 2026	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	99,269,877	99,269,877	0.75	74,502,718
12	07 March, 2026	06 March, 2027	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	102,247,973	102,247,973	0.69	70,987,789
13	07 March, 2027	06 March, 2028	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	105,315,413	105,315,413	0.64	67,638,689
14	07 March, 2028	06 March, 2029	40,057,142.86	34,597,354.29	5,459,788.57	34,597,354.29	-	-	108,474,875	108,474,875	0.59	64,447,594
15	07 March, 2029	06 March, 2030	50,000,000.00	43,185,000.00	6,815,000.00	43,185,000.00	-	-	111,729,121	111,729,121	0.55	61,407,051
16	07 March, 2030	06 March, 2031	51,500,000.00	44,480,550.00	7,019,450.00	33,252,039.98	11,228,510.02	10,025,455.38	115,080,995	105,055,539	0.51	53,412,773
17	07 March, 2031	06 March, 2032	53,045,000.00	45,814,966.50	7,230,033.50	-	45,814,966.50	40,906,220.09	118,533,425	77,627,205	0.47	36,510,217
18	07 March, 2032	06 March, 2033	54,636,350.00	47,189,415.50	7,446,934.51	-	47,189,415.50	42,133,406.69	122,089,427	79,956,021	0.44	34,787,719
19	07 March, 2033	06 March, 2034	56,275,440.50	48,605,097.96	7,670,342.54	-	48,605,097.96	43,397,408.89	125,752,110	82,354,701	0.40	33,146,485
20	07 March, 2034	06 March, 2035	57,963,703.72	50,063,250.90	7,900,452.82	-	50,063,250.90	44,699,331.16	129,524,674	84,825,342	0.37	31,582,682
21	07 March, 2035	06 March, 2036	59,702,614.83	51,565,148.43	8,137,466.40	-	51,565,148.43	46,040,311.09	133,410,414	87,370,103	0.34	30,092,657
22	07 March, 2036	06 March, 2037	61,493,693.27	53,112,102.88	8,381,590.39	-	53,112,102.88	47,421,520.43	137,412,726	89,991,206	0.32	28,672,930
23	07 March, 2037	06 March, 2038	63,338,504.07	54,705,465.96	8,633,038.10	-	54,705,465.96	48,844,166.04	141,535,108	92,690,942	0.29	27,320,183
24	07 March, 2038	06 March, 2039	65,238,659.19	56,346,629.94	8,892,029.25	-	56,346,629.94	50,309,491.02	145,781,161	95,471,670	0.27	26,031,257
25	07 March, 2039	06 March, 2040	67,195,818.97	58,037,028.84	9,158,790.13	-	58,037,028.84	51,818,775.75	150,154,596	98,335,820	0.25	24,803,140

Total Present Value of the Rental Gains	948,918,151
Value of Leasehold	948,918,151
	============
ROUNDED TO, say,	949,000,000
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Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	ROBINSONS CYBER SIGMA
PROPERTY ADDRESS:	Lawton Ave., McKinley West, Fort Bonifacio, Taguig City
TOTAL LEASABLE AREA:	49,970.31 sq.m.
Total No. of Parking Slots	565.00

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
INCOME REVENUES											
Office Units		124,621,052	515,876,659	536,941,644	566,684,709	605,481,174	647,176,317	677,293,165	718,069,871	767,819,025	790,373,390
Parking Slots		14,067,319	29,007,813	29,581,555	30,456,637	31,954,269	33,384,651	33,480,360	34,199,643	35,881,329	37,487,500
Other Areas		3,598,309	7,324,285	7,385,617	7,728,067	8,133,211	8,391,091	8,409,542	8,805,704	9,270,315	9,521,924
Gross Leasing Revenues		142,286,681	552,208,757	573,908,817	604,869,413	645,568,654	688,952,059	719,183,068	761,075,218	812,970,669	837,382,813
Less: Vacancy Allowance		*9,112,538*	*23,966,771*	*24,656,366*	*25,665,416*	*27,146,576*	*27,883,318*	*28,528,373*	*29,670,097*	*31,418,481*	*32,585,295*
Net Leasing Revenues		133,174,143	528,241,986	549,252,450	579,203,997	618,422,078	661,068,741	690,654,695	731,405,121	781,552,188	804,797,518
Other Income											
Management Dues		34,067,649	67,579,847	67,579,847	67,579,847	67,579,847	70,958,840	70,958,840	70,958,840	70,958,840	70,958,840
Aircon Dues		21,329,311	42,310,861	42,310,861	42,310,861	42,310,861	44,426,404	44,426,404	44,426,404	44,426,404	44,426,404
NET REVENUES		188,571,103	638,132,694	659,143,158	689,094,705	728,312,787	776,453,985	806,039,939	846,790,365	896,937,431	920,182,761
OPERATING COSTS & EXPENSES											
Contracted Services		2,392,031	9,488,113	9,865,496	10,403,477	11,107,899	11,873,905	12,405,318	13,137,264	14,037,990	14,455,515
Repairs & Maintenance		1,408,509	5,586,921	5,809,137	6,125,918	6,540,705	6,991,755	7,304,669	7,735,664	8,266,042	8,511,894
Management Fee		5,818,523	23,079,465	23,997,435	25,306,051	27,019,531	28,882,810	30,175,452	31,955,883	34,146,862	35,162,476
Loss from CUSA											
Power Charges - net		1,323,613	5,250,178	5,459,001	5,756,688	6,146,475	6,570,339	6,864,392	7,269,410	7,767,819	7,998,854
Water Charges - net		401,308	1,591,810	1,655,123	1,745,379	1,863,559	1,992,071	2,081,226	2,204,023	2,355,137	2,425,185
Aircon Dues (Expense)		-	-	-	-	-	-	-	-	-	-
Others		87,913	348,713	362,583	382,355	408,244	436,397	455,928	482,829	515,933	531,278
Miscellaneous Expense		-	-	-	-	-	-	-	-	-	-
General and Administrative Expense											
Salaries & Wages		772,416	2,613,890	2,699,952	2,822,638	2,983,281	3,180,475	3,301,664	3,468,584	3,673,994	3,769,210
Taxes & Licenses		9,866,265	19,571,667	20,158,817	20,158,817	20,158,817	20,763,582	20,763,582	20,763,582	20,763,582	20,763,582
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-
Commission Expense		-	2,078,613	3,094,412	607,408	18,062	2,607,656	3,962,683	769,673	4,387,899	3,184,638
Insurance Expense		713,819	2,415,595	2,495,128	2,608,507	2,756,963	2,939,198	3,051,193	3,205,450	3,395,277	3,483,270
Communication		6,031	20,409	21,081	22,039	23,293	24,832	25,779	27,082	28,686	29,429
Rent Expense		-	-	-	-	-	-	-	-	-	9,814,008
Supplies Expense		142,521	482,298	498,178	520,815	550,456	586,841	609,202	640,001	677,902	695,470
Travel & Transportation		1,263	4,275	4,416	4,617	4,879	5,202	5,400	5,673	6,009	6,165
Representation & Entertainment		1,426	4,825	4,983	5,210	5,506	5,870	6,094	6,402	6,781	6,957
TOTAL COSTS & EXPENSES		22,935,639	72,536,771	76,125,741	76,469,917	79,587,673	86,256,169	91,012,581	91,671,519	100,029,912	110,837,932
NET OPERATING INCOME		165,635,463	565,595,923	583,017,417	612,624,788	648,725,114	690,197,816	715,027,357	755,118,846	796,907,519	809,344,830
CAPEX	1.5%	1,997,612	7,923,630	8,238,787	8,688,060	9,276,331	9,916,031	10,359,820	10,971,077	11,723,283	12,071,963
NOI after CAPEX		163,637,851	557,672,293	574,778,631	603,936,728	639,448,783	680,281,785	704,667,537	744,147,769	785,184,236	797,272,867
Discount Rate/ Present Worth Factor	10%	0.95	0.87	0.79	0.72	0.65	0.59	0.54	0.49	0.44	0.40
Present Worth of Cashflows		155,961,470	483,192,220	452,739,924	432,460,989	416,263,733	402,586,277	379,106,913	363,951,856	349,111,087	322,259,975

	10.50	11.50	12.50	13.50	14.50	15.50	16.50	17.50	18.50	18.68
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
INCOME REVENUES										
Office Units	811,099,410	841,513,225	875,719,996	887,507,316	910,780,486	946,447,413	988,247,317	1,015,132,675	1,050,956,741	197,872,832
Parking Slots	37,594,971	38,402,651	40,291,010	42,094,573	42,215,252	43,122,193	45,242,624	47,267,838	47,367,010	8,167,664
Other Areas	9,522,160	9,942,956	10,430,784	10,692,132	10,692,398	11,164,908	11,712,688	12,006,155	12,006,454	2,248,137
Gross Leasing Revenues	858,216,542	889,858,831	926,441,790	940,294,021	963,688,136	1,000,734,514	1,045,202,629	1,074,406,668	1,110,330,205	208,288,633
Less: Vacancy Allowance	*32,381,977*	*33,341,754*	*34,837,781*	*35,844,869*	*36,361,600*	*36,706,413*	*38,416,551*	*39,784,551*	*40,541,409*	*7,327,309*
Net Leasing Revenues	825,834,565	856,517,077	891,604,009	904,449,152	927,326,536	964,028,100	1,006,786,077	1,034,622,117	1,069,788,795	200,961,324
Other Income										
Management Dues	74,506,782	74,506,782	74,506,782	74,506,782	74,506,782	78,232,121	78,232,121	78,232,121	78,232,121	13,438,778
Aircon Dues	46,647,724	46,647,724	46,647,724	46,647,724	46,647,724	48,980,110	48,980,110	48,980,110	48,980,110	8,413,844
NET REVENUES	946,989,071	977,671,583	1,012,758,515	1,025,603,657	1,048,481,042	1,091,240,331	1,133,998,308	1,161,834,348	1,197,001,026	222,813,945
OPERATING COSTS & EXPENSES										
Contracted Services	14,833,376	15,384,485	16,014,705	16,245,426	16,656,342	17,315,564	18,083,569	18,583,551	19,215,203	3,609,603
Repairs & Maintenance	8,734,392	9,058,903	9,429,998	9,565,854	9,807,816	10,195,988	10,648,215	10,942,621	11,314,559	2,125,456
Management Fee	36,081,607	37,422,160	38,955,146	39,516,364	40,515,902	42,119,433	43,987,575	45,203,762	46,740,232	8,780,218
Loss from CUSA										
Power Charges - net	8,207,940	8,512,893	8,861,621	8,989,288	9,216,666	9,581,441	10,006,411	10,283,072	10,632,593	1,997,347
Water Charges - net	2,488,578	2,581,037	2,686,768	2,725,476	2,794,415	2,905,012	3,033,859	3,117,741	3,223,712	605,579
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-
Others	545,165	565,420	588,582	597,062	612,164	636,392	664,618	682,994	706,209	132,662
Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-
General and Administrative Expense										
Salaries & Wages	3,879,013	4,004,693	4,148,415	4,201,031	4,294,740	4,469,888	4,645,032	4,759,052	4,903,101	912,680
Taxes & Licenses	21,386,489	21,386,489	21,386,489	21,386,489	22,028,084	22,028,084	22,028,084	22,028,084	22,688,927	3,897,522
Advertising & Promotions Expense	-	-	-	-	-	-	-	-	-	-
Commission Expense	4,745,551	901,987	5,004,527	3,576,018	5,328,762	1,014,462	5,647,593	4,090,256	6,148,900	1,140,291
Insurance Expense	3,584,743	3,700,889	3,833,707	3,882,332	3,968,932	4,130,793	4,292,650	4,398,021	4,531,141	843,442
Communication	30,286	31,268	32,390	32,801	33,532	34,900	36,267	37,158	38,282	7,126
Rent Expense	40,688,429	41,909,082	43,166,355	44,461,345	45,795,186	47,169,041	48,584,113	50,041,636	51,542,885	9,472,249
Supplies Expense	715,730	738,920	765,439	775,147	792,438	824,755	857,071	878,110	904,688	168,402
Travel & Transportation	6,344	6,550	6,785	6,871	7,024	7,311	7,597	7,784	8,019	1,493
Representation & Entertainment	7,160	7,392	7,657	7,754	7,927	8,250	8,573	8,784	9,050	1,685
TOTAL COSTS & EXPENSES	145,934,806	146,212,168	154,888,584	155,969,257	161,859,928	162,441,314	172,531,228	175,062,625	182,607,502	33,695,756
NET OPERATING INCOME	801,054,265	831,459,415	857,869,930	869,634,400	886,621,113	928,799,017	961,467,080	986,771,723	1,014,393,524	189,118,189
CAPEX	12,387,518	12,847,756	13,374,060	13,566,737	13,909,898	14,460,422	15,101,791	15,519,332	16,046,832	3,014,420
NOI after CAPEX	788,666,746	818,611,658	844,495,870	856,067,663	872,711,215	914,338,596	946,365,289	971,252,391	998,346,692	186,103,769
Discount Rate/ Present Worth Factor	0.37	0.33	0.30	0.28	0.25	0.23	0.21	0.19	0.17	0.17
Present Worth of Cashflows	289,801,233	273,458,822	256,459,540	236,339,730	219,031,469	208,617,302	196,295,069	183,142,865	171,138,059	31,384,117

Total Present Worth of Cashflows 5,823,302,650

TOTAL PROPERTY VALUE	5,823,302,650
Rounded to, say	5,823,000,000

Appendix 7 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID							
	Subject	Listing No. 1		Listing No. 2		Listing No. 3	
Address	Robinsons Cyber Sigma - Lawton Ave., McKinley West, Fort Bonifacio, Taguig City	29th Street near Burgos Circle, Bonifacio Global City, Taguig City, Metropolitan Manila		21st Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila		20th Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila	
Instrument (Actual Lease/Listing)		Listing		Listing		Listing	
Date of Lease/Listing		Current		Current		Current	
Transacted Rent/Asking Rent		3,385,800.00		1,185,600.00		1,299,600.00	
Size (sq. m.) - Total Area	5,000.00	2,052.00		988.00		1,083.00	
Rent Per sq.m. per month (Unadjusted)		PHP 1,650.00		PHP 1,200.00		PHP 1,200.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee simple		Fee simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			1,650.00		1,200.00		1,200.00
Condition of Lease/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-5%	Allowance	-5%	Allowance	-5%
Adjusted Rent			1,567.50		1,140.00		1,140.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Rent			1,567.50		1,140.00		1,140.00
PHYSICAL ADJUSTMENTS							
Location	Robinsons Cyber Sigma - Lawton Ave., McKinley West, Fort Bonifacio, Taguig City	29th Street near Burgos Circle, Bonifacio Global City, Taguig City, Metropolitan Manila		21st Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila		20th Drive, Bonifacio South, Bonifacio Global City, Taguig City, Metropolitan Manila	
Comparison/Adjustment		superior	-15%	superior	-5%	superior	-5%
Topography	Flat	Flat		Flat		Flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size	5,000.00	2,052.00		988.00		1,083.00	
Comparison/Adjustment		superior	-5%	superior	-5%	superior	-5%
Shape	Rectangular	rectangular		trapeziodal		trapeziodal	
Comparison/Adjustment		equal	0%	inferior	5%	inferior	5%
Utilities/Amenities	Available	Available		Available		Available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	Main Road / thru lot	Secondary Road		Secondary Road		Secondary Road	
Comparison/Adjustment		inferior	10%	inferior	10%	inferior	10%
Zoning/Land Use	Commercial/FAR 12	Urban Core Zone/FAR 12		Urban Core Zone/FAR 8		Urban Core Zone/FAR 8	
Comparison/Adjustment		equal	0%	inferior	30%	inferior	30%
Total Gross Adjustments			30%		55%		55%
Total Net Adjustments			-10%		35%		35%
Final Adjusted Rent (Net Adjustment Basis)		1,410.75		1,539.00		1,539.00	
Weight		50.0%		25.0%		25.0%	
Weight Equivalent		705.38		384.75		384.75	
Rent per sqm per momth		PHP 1,474.88					
ROUNDED TO		PHP 1,470.00 per sq.m. per month					
Land Area		5,000.00 sq.m.					
INDICATED MARKET RENT		PHP 7,350,000 per month					
Or about		PHP 88,200,000 per year					

Appendix 8 - Schedule of Assets

LEASEHOLD IMPROVEMENTS	
Description	**Market Value (PhP)**
Robinsons Cyber Sigma - As seen during our inspection for the previous valuation done, Robinsons Cyber Sigma is a twenty-one (21)-storey, PEZA-registered, reinforced concrete-framed office building with roofdeck. Construction of the building was reportedly completed sometime in August 2017. The building is divided into two (2) zones; the Low Zone (7th to 14th Floors) and the High Zone (14th to 21st Floors). The ground floor houses the main lobby and some retail areas occupied by Ministop, 24/7 Customer Philippines and Tim Hortons. Lower Ground and 2nd to 6th Floors are mainly used as parking areas while the rest of the upper floors are utilized mainly as offices. Part of the Lower Ground is also occupied by BDO, Union Bank and Robinsons Bank. Tenants at the upper floors, meanwhile, include EY GDS (CS) Philippines Inc., and KMC. Architectural details and/or finishes of the building consist of reinforced concrete footings and foundations, reinforced concrete floor slabs at all levels, reinforced concrete columns, girders and beams construction. External finishes consist of mainly aluminum panels with curtain wall of clear and solar reflective glass, and steel louver on parking levels. Interior finishes comprise natural stone walls, granite and ceramic tiles finishes for the main and elevator lobbies. Typical standard office floors have plastered cement finish walls and columns, plasterboard and painted walls. Individual tenancy fit-outs are generally the responsibility of the tenants according to their particular requirements. Fit-outs introduced typically comprise of a combination of raised flooring, wall-to-wall carpet, ceramic or vinyl tile coverings, suspended tile or plasterboard lined ceilings with recessed fluorescent lighting. Since these were reportedly shouldered by the tenants, we have excluded them in this report. The building is provided with mechanical and electrical services such as elevators, air conditioning and ventilating system, electrical power and distribution system, domestic water supply system, fire fighting system, and security monitoring described in detail and valued in the equipment section of this report. The building is painted and provided with complete electrical lighting and plumbing facilities. Based on the floor area tabulation provided to us by the client, the building has a total gross floor area of about 73,522.08 sq.m.	**1,724,000,000** ============

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators	
8-Passenger Elevators (7th to 21st Floor) - Mitsubishi, 15 landings, 24 persons capacity, 1600 kgs. total load, complete with electric drive motor, governor, elevator controller, railings, electrical wirings, limit switches and other standard accessories	95,570,000
Service Elevator (LG to 21st Floor) - Mitsubishi, 21 landings, 24 persons capacity, 1600 kgs. total load, complete with electric drive motor, governor, elevator controller, railings, electrical wirings, limit switches and other standard accessories	15,354,000
2-Parking Elevators (LG to 6th Floor) - Mitsubishi, 7 landings, 21 persons capacity, 1600 kgs. total load, complete with electric drive motor, governor, elevator controller, railings, electrical wirings, limit switches and other standard accessories	11,150,000
Total for Elevators -	**122,074,000**

Air Conditioning and Ventilating System

Lot-Centralized Air Conditioning System-
Trane, 180 tons total refrigeration capacity, consisting of:

3-Air Cooled Chillers-
Smart DT, Model AD028.1BH06.F4A, package type, 2017 year manufactured, each 60 tons of refrigeration capacity, driven by 54.6 kw electric, complete with controls and other standard accessories

3-Chilled Water Pumps (Primary)-
Us Motors, Model ETN 65-200, centrifugal type, each driven by 3.8kW kw electric motor, baseplate mounted on concrete foundation, complete with piping connections, valve and fittings, controls and standard accessories

4-Chilled Water Pumps (Secondary)-
Us Motors, Model ETN 50-250, centrifugal type, each driven by 5.625kW kw electric motor, baseplate mounted on concrete foundation, complete with piping connections, valve and fittings, controls and standard accessories

Air Handling Unit-
Trane, Model BDHA20, horizontal cabinet vertical discharge draw type, 5 tons of refrigeration capacity, blower belt driven by electric motor

9-Air Handling Units-

Trane, Model BDHA34, horizontal cabinet vertical discharge draw type, 7.5 tons of refrigeration capacity, blower belt driven by electric motor

9-Air Handling Units-

Trane, Model BDHA40, horizontal cabinet vertical discharge draw type, 10 tons of refrigeration capacity, blower belt driven by electric motor

Air Handling Unit-

Trane, Model BDCB60, horizontal cabinet vertical discharge draw type, 15 tons of refrigeration capacity, blower belt driven by electric motor

2-Air Handling Units-

Trane, Model CLCP AHU - E, horizontal cabinet vertical discharge draw type, 20 tons of refrigeration capacity, blower belt driven by electric motor

Fan Coil Unit-

Trane, Model HCFC08L405200CA02A, ceiling concealed ducted type, 2 tons capacity, fan driven by electric motor

2-Fan Coil Units-

Trane, Model HCFC12L405200CA02A, ceiling concealed ducted type, 2 tons capacity, fan driven by electric motor

3-Fan Coil Units-

Dunham Bush, split type AC inverter, 2 tons capacity, fan driven by electric motor

System complete with BMS controller, piping and connections and other standard accessories

Note: only servicing LG & GF

11,457,000

Lot-Air Conditioning System-

Mitsubishi Electric Citi Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprsing of:

28 - ACCU Outdoor Units (ACCU A1-A2)-

Mitsubishi, Model PUCY-P1100YSKA, VRF type, 414,600 btu/hr, 34.5 tons of refrigeration capacity, driven by 35.2kW electric motor

22 - ACCU Outdoor Units (ACCU B1-B2)-

Mitsubishi, Model PUCY-P800YSKA, VRF type, 300,300 btu/hr, 25 tons of refrigeration capacity, driven by 25.4kW electric motor

28 - ACCU Outdoor Units (ACCU C1-C2)-

Mitsubishi, Model PUCY-P650YSKA, VRF type, 245,700 btu/hr, 20.4 tons of refrigeration capacity, driven by 19.6kW electric motor

28 - ACCU Outdoor Units (ACCU D1-D2)-

Mitsubishi, Model PUCY-P650YSKA, VRF type, 245,700 btu/hr, 20.4 tons of refrigeration capacity, driven by 19.6kW electric motor

6 - ACCU Outdoor Units (ACCU BA-BB)-

Mitsubishi, Model PUCY-P900YSKA, VRF type, 327,600 btu/hr, 27.3 tons of refrigeration capacity, driven by 31.4kW electric motor

616 - ACCU Indoor Units (FCU) -

Ceiling mounted, 2.5 TR cooling capacity

12 - ACCU Indoor Units (FCU) -

Ceiling mounted, 2 TR cooling capacity

392 - ACCU Indoor Units (FCU) -
Ceiling concealed ducted type, 2.5 TR cooling capacity
112 - ACCU indoor (FCU) -
Ceiling mounted, 2.5 TR cooling capacity
5 - ACCU Indoor Units (FCU) -
Ceiling mounted, 3 TR cooling capacity
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories
Note: Installed in various locations

203,098,000

Lot-Air Ventilation and Exhaust System-
Consisting of:
6-Exhaust Fans (EF-1)-

Niagara, Model NIA- 160, 255 cmh, driven by 0.048 kw electric motor, complete with controls and ductings
14-Exhaust Fans (EF-2)-
Niagara, Model NIA- 24, mild steel casing with filter screen, 9350 cmh, driven by 0.75 kw electric motor, complete with controls and ductings

Exhaust Fan (EF-3)-
Niagara, Model 15CWTH, mild steel casing with filter screen, 3570 cmh, driven by 1.5 kw electric motor, complete with controls and ductings
Exhaust Fan (EF-4)-
Niagara, Model 15CWTH, mild steel casing with filter screen, 3570 cmh, driven by 1.5 kw electric motor, complete with controls and ductings
Exhaust Fan (EF-5)-
Niagara, Model 24CWTH, mild steel casing with filter screen, 9520 cmh, driven by 3.75 kw electric motor, complete with controls and ductings
Exhaust Fan (EF-6)-
Niagara, Model 30CWTH, mild steel casing with filter screen, 14280 cmh, driven by 5.625 kw electric motor, complete with controls and ductings
2-Exhaust Fans (EF-7 & 8)-
Niagara, Model 30CWTH, mild steel casing with filter screen, 14280 cmh, driven by 5.625 kw electric motor, complete with controls and ductings
Exhaust Fan (EF-9)-
Niagara, Model 22CWTH, mild steel casing with filter screen, 10200 cmh, driven by 3.75 kw electric motor, complete with controls and ductings
4-Fresh Air Fans (FAF-A to D)-
Niagara, Model 30CWTH, mild steel casing with filter screen, 14280 cmh, driven by 5.625 kw electric motor, complete with controls and ductings
Fresh Air Fan (FAF-1)-
Niagara, Model 189S, mild steel casing with filter screen, 510 cmh, driven by 1.5 kw electric motor, complete with controls and ductings
3- Pressurization Fans (PF-1 to 3)-

Niagara, Model 30CWTH, mild steel casing with filter screen, 17000 cmh, driven by 5.625 kw electric motor, complete with controls and ductings

Pressurization Fan (PF-4)-

Niagara, Model 36CWTH, mild steel casing with filter screen, 25500 cmh, driven by 5.625 kw electric motor, complete with controls and ductings

Smoke Evacuation Fan (SEF-1)-

Niagara, Model 36CWTH, mild steel casing with filter screen, 27200 cmh, driven by 7.5 kw electric motor, complete with controls and ductings

System complete with ductings installations, electrical and controls system and other standard accessories

Note: Installed in various locations

	2,310,000

Total for Air Conditioning and Ventilating System -	**216,865,000**

Lot-Standby Power Supply and Electrical Power Distribution System-
Consisting of:
2-Standby AC Electric Generators -
Leroy Somer, Model MG-L51S58, 2125 kva/1700 kw rated capacity, 0.80 power factor, powered by:
16-Cylinder Diesel Engine-
Mitsubishi, Model MGS1500B, turbo-charged diesel engine, radiator-cooled, 1800 rpm, 60 hz., complete with batteries, skid mounted on concrete foundation
2-Standby AC Electric Generators -
Leroy Somer, Model MG-L50V18, 1750 kva/1420 kw rated capacity, 0.80 power factor, powered by:
16-Cylinder Diesel Engine-
Mitsubishi, Model MGS1400B, turbo-charged diesel engine, radiator-cooled, 1800 rpm, 60 hz., complete with batteries, skid mounted on concrete foundation
Synchronization Panel
Metal clad casement, free standing, complete ATS, main and sub-breakers, magnetic contactors, relays, wattmeters, volmeters, pilot lights, on/off swithes, push button switches, and other standard accessories
Main Fuel Storage Tank
Mild steel plate of welded construction, cylindrical type, horizontally mounted with steel support, 76,000 liters capacity, equipped with:
Fuel Transfer Pump-
Rotary gear type, driven by .75 kw electric motor
Storage Tank
Mild steel plate of welded construction, cylindrical type, horizontally mounted with steel support, 14,900 liters capacity, equipped with:
Fuel Transfer Pump-
Rotary gear type, driven by .75 kw electric motor
Storage Tank
2- Power Transformers
Cooper, Model 0001YA66XYLA, 2500 kva capacity, 34,500 volts primary, 460 volts secondary voltages, oil immersed, equipped with cooling units and other accessories

2- Vacuum Fault Interrupters-
Cooper, Model VFI-5, 35kv capacity, oil immersed,pad mounted switchgear
Low Voltage Switchgear (LVSG1) -
Metal clad casement, free standing with 9 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
Low Voltage Switchgear (LVSG2) -
Metal clad casement, free standing with 9 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories
3- Manual Transfer Switches-
Metal clad casement, free standing with 1 vertical section, 4,000 amperes rating
System complete with wirings, panel boards, mechanical and electrical installation and accessories **111,626,000**

Lot-Automatic Fire Fighting, Fire Protection and Alarm System -
Consisting of:
Diesel Fire Pump-
Fairbanks, Model NIJHUIS/ 12M-7000FF, vertical turbine, 750 gpm GPM rated capacity, power driven by:
6-Cylinder Diesel Engine-
Model JU6H-UFM2, rated 200 Hp/150 kw, complete with valves, piping and fitting connections, fie pump controller and other standard accessories
Electric Fire Pump-
Fairbanks, Model NIJHUIS/ 12M-7000FF, vertical turbine, 750 gpm GPM rated capacity,driven by 112kW Eaton electric motor, complete with valves, piping and fitting connections, fire pump controller and other standard accessories
Jockey Pump-
Pentair, Model L50P4LH, sybmersible type, 40 GPM, driven by 10 hp/7.5 kw electric motor complete with jockey pump controller
2-Fire Pump Controllers-
Eaton
Jockey Pump Controller-
Eaton
Fire Tank-
mild steel construction, 45,000 liter capacity
132-Fire Hose Cabinets-
30 m x 1 1/2 " hose, with nozzle
25-Fire Extinguishers-
HFC-123 type, 10 lbs capacity
68-Fire Extinguishers-
ABC Dry chemical type, 10 lbs capacity
13-Fire Extinguishers-
AFFF wheel type, 50 lbs capacity
4-Fire Extinguishers-
HCFC wheel type, 50 lbs capacity
37-Fire Extinguishers-
FSS, 10 lbs capacity
546-Sprinkler heads
817-Smoke Detectors

6- Heat Detectors
72 - Manual Push Stations
68 - Strobe Speakers
FDAS
Notifier, Model NFS2-3030 onyx series
System complete with electrical and piping installations, valves, fittings and other standard accessories **13,761,000**

Lot-Water Supply and Sewerage System-
Consisting of:
2-Booster Pumps-
Paco, Model 1270-9, 120 GPM, driven by 10.0 kw electric motor, complete with valves, pipings, fittings, controls and other standard accessories
2-Transfer Pumps-
Fairbanks, Model 7M-7000, 250 GPM, driven by 37.0 kw electric motor, complete with valves, pipings, fittings, controls and other standard accessories
Bladder Tank-
Mild steel plate of welded construction, 1500 liters capacity
2- Elevated Water Tanks-
Stainless steel construction, 15,000 liters capacity, horizontally mounted with steel support
Rain Water Tank
Mild steel plate of welded construction, 15,000 liters capacity, horizontally mounted with steel support
System complete with electrical and piping installations, valves, fittings, controls and other standard accessories **3,024,000**

Lot-Sewage Treatment Plant -
Approximately at an average of 70 cubic meters per day effluent working capacity, complete with 2-11 kw sbr air blowers, 1-asd air blower, 2-2.2 kw influent pumps, 2-3.7 kw effluent pumps,2-0.37 kw sludge pumps, exhaust/intake fans, carbon filters, air diffusers, valves, fittings, piping installations, equalization tank, sbr basin, chlorine contact chamber, sludge digester, electrical , piping installations, controls and other standard accessories **5,386,000**

Lot-CCTV Security Montoring System -
Consisting of:
45-CCTV Cameras-
Dome type
61-CCTV Cameras-
Bullet type
6-LCD TV Monitors-
Samsung, 50in
CPU Monitor
samsung, 19in
CPU
HP, I5
2-DVR
3-UPS
System complete with wiring connections and other standard accessories **3,069,000**

Others

Walkthrough Metal Detector-	171,000
Gondola MHE Demag, Model Chameleon I-1600/SW500, 500 kgs capacity, complete with cage, winch, weights, drive motor and other standard accessories	3,702,000
Lot-Parking Equipment - consisting of: 4- Traffic Barriers- JSST, Model JSDZ020103-R, straight arm type 2- Traffic Barriers- JSST, Model JSDZ020103-R, articulated arm type 12- Traffic Lanterns- Beninca, Model VE.TL 12- Loop Hole Detectors- Beninca, Model VE.KM1HN 12- Car Ramp Controllers- Beninca, Model VE.CS system complete with connection, wirings and other standard accessories	649,000

Total for Others -	**4,522,000**

Total for Building Machinery & Equipment -	**480,327,000**
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PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

MARTIN JOHN L. ENCOMIENDA

Appraiser

T 632.752.2580

F 632.752.2571

Martin.Encomienda@santos.knightfrank.ph

Martin John Encomienda is an Appraiser of Santos Knight Frank, Inc. under the Valuations Group.

Prior to joining Santos Knight, Inc., Mr. Encomienda was involved with Royal Asia Appraisal Corporation. He started there as staff appraiser in May 2016. During his more than three (3) years experience in his field, he has gained immense experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate. He is now currently expanding his expertise and is now involved in light machinery and equipment valuation projects and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Civil Engineering,
  Technological Institute of the Philippines - Manila

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Cyberscape Alpha –
Sapphire & Garnet Road, Ortigas Center
Barangay San Antonio (Oranbo), Pasig City
Metropolitan Manila

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.



Address	Sapphire and Garnet Roads, within Barangay San Antonio (Oranbo), Pasig City, Metropolitan Manila.		
Description	The valuation comprises land (leasehold), building, and building machinery & equipment of a property identified as **Cyberscape Alpha**, a twenty-five (25)-storey, PEZA registered, Grade A office building located along the southwest side of Sapphire Road extending south-westward to Garnet Road, midway between ADB Avenue and F. Ortigas Road, within Ortigas Center, Barangay San Antonio (formerly Oranbo), Pasig City, Metropolitan Manila.		
Land Area	2,500 sq.m.		
Gross Floor Area	68,088.95 sq.m	**Gross Leasable Area**	49,901.72 sq.m.
Occupancy	100%	**WALE**	8.61 years
Ave. Lease Rate	PhP700/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE **(Income Approach)**	**PhP 8,545,000,000** **EIGHT BILLION, FIVE HUNDRED FORTY-FIVE MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	16 July2021		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information was obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building, other land improvements, and building machinery & equipment of a site identified as **Cyberscape Alpha** located at **Sapphire and Garnet Road, within Barangay San Antonio (Oranbo) Pasig City, Metropolitan Manila** ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability 1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise 1.14 The valuation process was performed by **Raymond F. Dechavez**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Mr. Wenceslao D. Fuentes, Jr.**, also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting 1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection 1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations 1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided 1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- floor area tabulation
- lot area allocation
- rent roll
- financial statements
- projections
- historical and current occupancy

Valuation bases

1.20 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV) 1.21 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date 1.22 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property, identified as Cyberscape Alpha, is a twenty-five (25)-storey office building located along the southwest side of Sapphire Road extending south-westward to Garnet Road, midway between ADB Avenue and F. Ortigas Road, within Ortigas Center, Barangay San Antonio (formerly Oranbo), Pasig City, Metropolitan Manila.

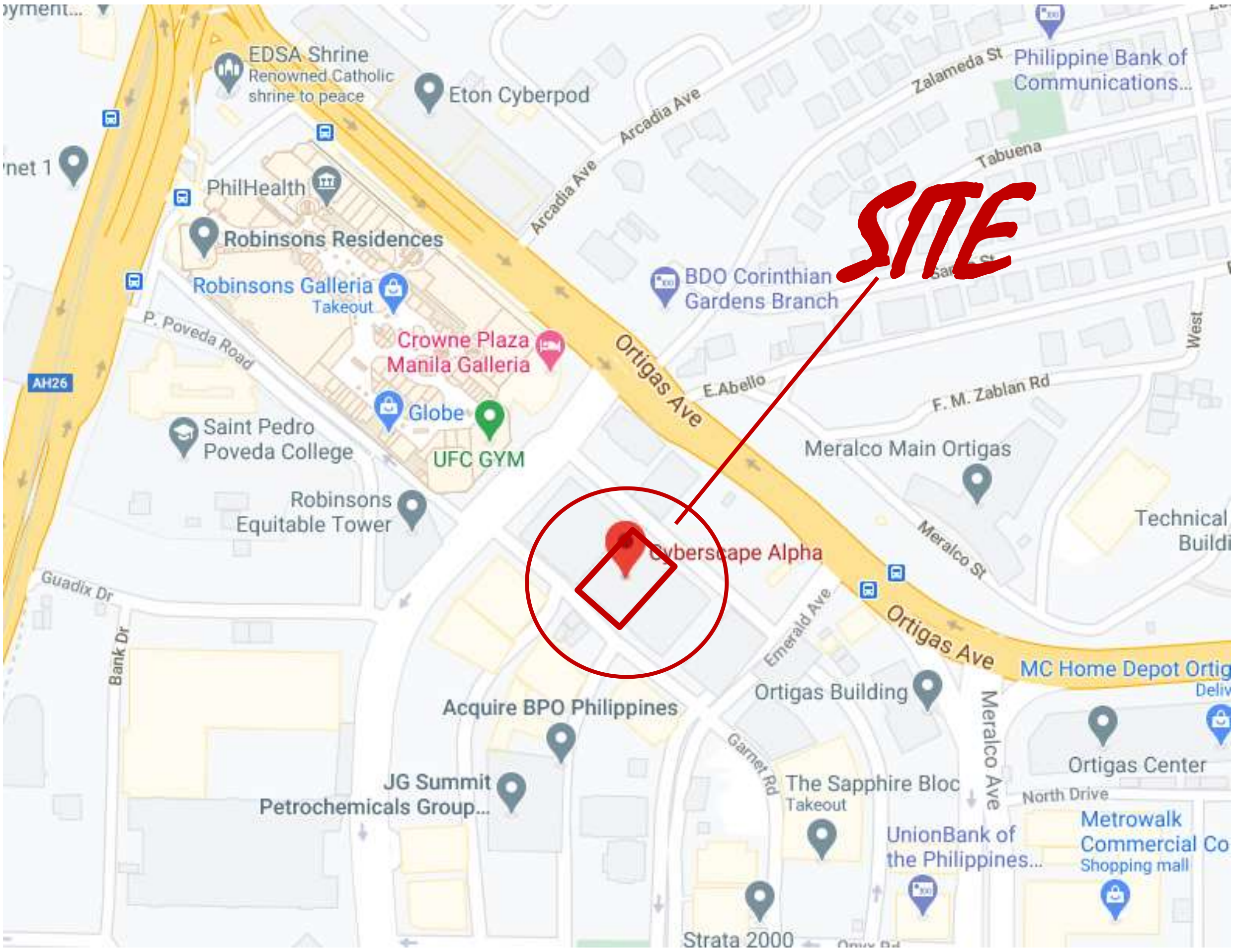
The site is right across Greenhills Christian Fellowship Church, about 190 meters southeast from Robinsons Galleria, 220 meters southeast from St. Pedro Poveda College, 410 meters northwest from Metrowalk Complex, 490 meters southeast from Epifanio Delos Santos Avenue (EDSA), or about 770 meters northeast from SM Megamall.

The bounding roads have width ranging from 12 to 14 meters, concrete-paved, with concrete curbs and gutters, and underground drainage system.

Below is a satellite image courtesy of Google Maps while on the next page is a vicinity map, both showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.



Neighborhood

2.3 Land development in the area is generally for commercial purposes, interspersed with several residential, office/commercial condominium developments. Some notable developments in the vicinity of the Property include Greenhills Christian Fellowship Church, Robinsons Galleria, Philippine Overseas Employment Administration Building (POEA), Crowne Plaza Galleria Manila, St. Pedro Poveda College, AIC Burgundy Empire Tower, and SM Megamall, among others.

Accessibility

2.4 Taxicabs, jeepneys and shuttle UV express are easily available throughout the day along the major thoroughfares in the area such as Meralco Avenue and Ortigas Avenue Extension which connects to other sections of Pasig City and other sections of the metropolis.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificates of Title

2.5 Based on document furnished us by the Client, the land consists of a lot technically identified as **Lot 2-B, Psd-00-036193** having an area of **2,500 sq.m.**, more or less. It is covered by Transfer Certificate of Title No. **011-2011001006** issued in favor of **the Client** on 16 May 2011 by the Registry of Deeds for the City of Pasig.

The land is bounded by the following properties:

Northeast	-	Road Lot 13 – Sapphire Road
Southeast	-	Lot 2-C
Southwest	-	Road Lot 12 – Garner Road
Northwest	-	Lot 2-A

2.6 In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn.

Draft Contract of Lease

2.7 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Cyberscape Alpha with an area of 2,500 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Cyberscape Alpha which is owned by the Lessee (plus VAT, as appliable).

2.8 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure

2.9 For purposes of this engagement, ownership rights to the land are treated as **leasehold.**

Terrain

2.10 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment

2.11 The land is presently improved with an office building identified as Cyberscape Alpha, a PEZA registered, Grade A office building, construction of which was completed sometime in May 2014. Also included in this appraisal are the appurtenant building machinery & equipment. These are all described in detail in the Schedule of Assets (Appendix **10**).

Tenure

2.12 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

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[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

Accommodation

Measurement

2.13 Based on the information furnished us, total gross floor area of the building is about **68,088.95 sq.m.**

2.14 The Gross Floor Area is tabulated as follows:

Floor	GFA
B1	2,499.86
B2	2,499.86
B3	2,499.86
B4	2,499.86
B5	2,499.86
B6	2,499.86
B7	2,499.86
GF	1,556.97
5F	2,033.94
6F	2,033.94
7F	2,033.94
8F	2,033.94
9F	2,033.94
10F	2,033.94
11F	2,033.94
12F	2,033.94
14F	2,033.94
15f	2,033.94
16F	2,033.94
17F	2,033.94
18F	2,033.94
19F	2,033.94
20F	2,033.94
21F	2,033.94
22F	2,033.94
23F	2,033.94
24F	2,033.94
25F	2,033.94
26F	2,033.94
Go Hotel	6,320.22
Total	**68,088.95**

Condition

Scope of Inspection

2.15 As stated earlier, we have previously inspected the Property.

2.16 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.17 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.18 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.19 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.20 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.21 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.22 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.23 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building (to be constructed) thereon.

Services

2.24 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

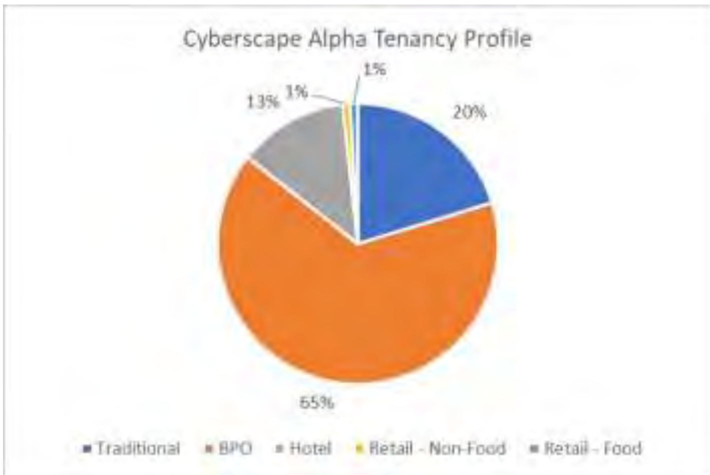
2.25 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.26 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	End
Tenant 1	160.76	01-Mar-14	30-Apr-24
Tenant 2	288.16	01-Mar-14	30-Apr-24
Tenant 3	159.12	02-Jan-20	01-Apr-25
Tenant 4	129.24	01-Dec-14	31-Jan-25
Tenant 5	131.48	02-May-16	01-Aug-24
Tenant 6	1,540.90	26-Jan-15	10-Apr-23
Tenant 7	493.04	01-Nov-19	31-Dec-24
	2,033.94	15-May-18	30-Jun-23
Tenant 8	2,033.94	27-Nov-14	31-Dec-25
	2,033.94	27-Nov-14	31-Dec-25
Tenant 9	2,033.94	01-Oct-14	30-Nov-24
	1,007.37	02-May-20	31-May-25
Tenant 10	2,033.94	15-Mar-15	31-May-25
	2,033.94	15-Mar-15	31-May-25
Tenant 11	2,033.94	02-May-20	31-Aug-27
Tenant 12	508.90	15-Aug-14	14-Oct-24
	2,033.94	15-Aug-14	14-Oct-24
Tenant 13	10,169.70	01-Oct-13	30-Jun-24
Tenant 14	1,056.91	01-Sep-14	30-Nov-24
	2,033.94	01-Sep-14	30-Nov-24
Tenant 15	2,891.42	01-Jan-21	31-Dec-40
	1,111.72	01-Jan-21	31-Dec-40
	1,620.21	01-Jan-21	31-Dec-40
	603.24	01-Jan-21	31-Dec-40
	1,569.36	01-Jan-21	31-Dec-40
	6,320.22	01-Jan-21	31-Dec-40
	254.24	01-Jan-21	31-Dec-40
	1,580.27	01-Jan-21	31-Dec-40

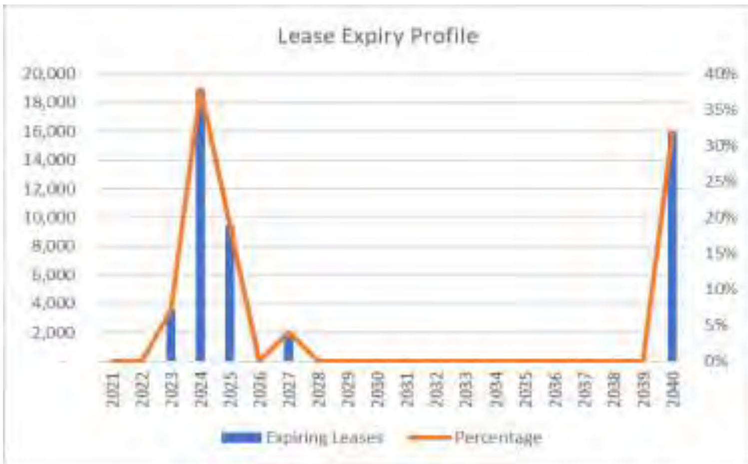
2.27 Based on the rent roll provided, total leasable area is **49,901.72** sq.m. with **405** parking slots are available for lease.

2.28 The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies, seat leasing, hotel and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 65% of the Property's leasable area followed by traditional offices at 20% and the hotel takes up around 13% of leased area.



Source: SKF/ RLC

2.29 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 8.61 years. Earliest period with an expiring lease is 2023 with 7% of total leased area, followed by 2024 with 38% of the leased area with expiring leases. Next period with a sizeable expiring lease would be in 2040 with 32% of leased area.



Source: SKF/ RLC

2.30 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the wall's frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may affect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.31 The bounding roads have width ranging from 12 to 14 meters, concrete-paved, with concrete curbs and gutters, and underground drainage system.

2.32 Our informal enquiries with the Cyberscape Alpha Administration Office confirmed that the subject property enjoys frontage along the bounding streets.

Access 2.33 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the subject property and the adopted highways and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding 2.34 From our enquiries with the City Planning Office, we have ascertained that the subject building is not within an indicative floodplain and that there is therefore a negligible risk of flooding.

Contamination 2.35 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.36 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.37 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.38 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)


Views of the Property along Garnet Road


Views of the Property along Sapphire Road

2.39 Other photographs of the Property are attached at Appendix **5**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

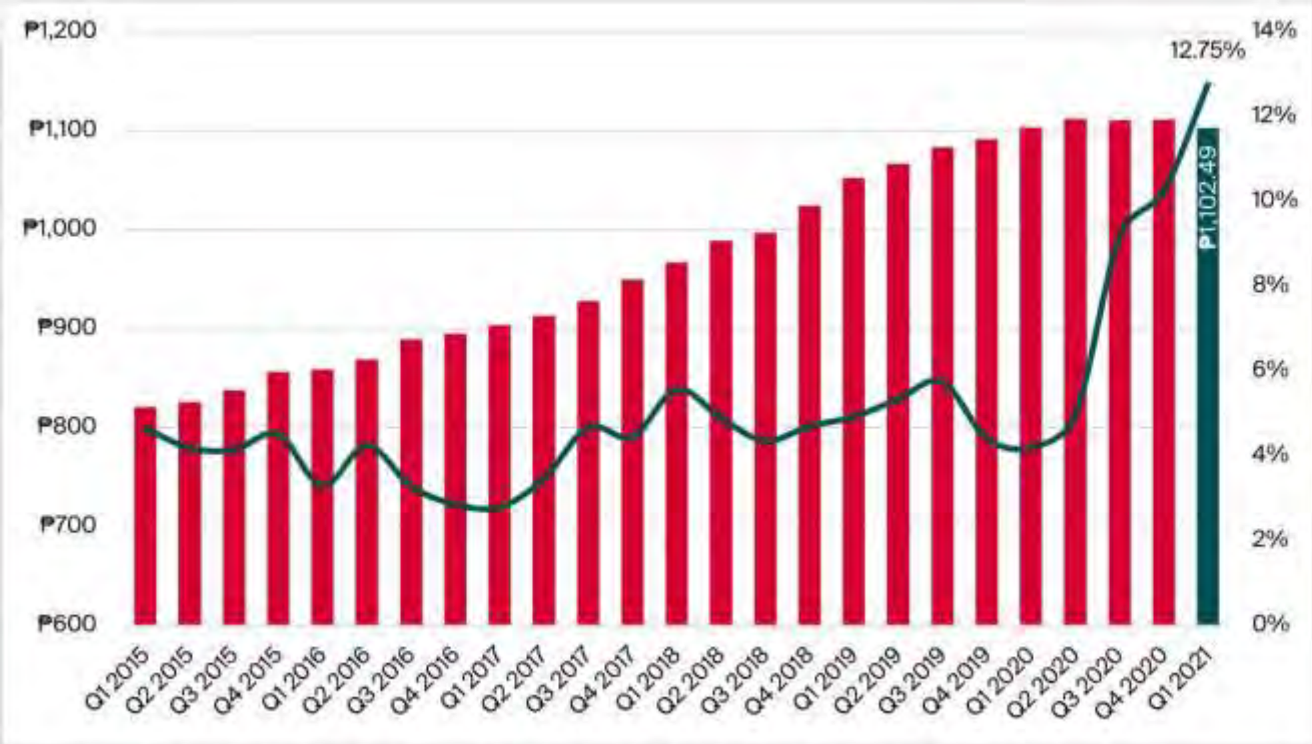
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

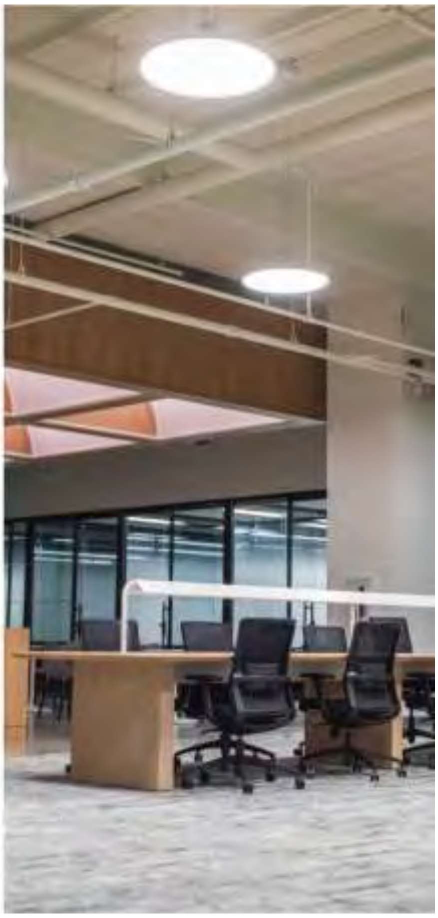
Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook



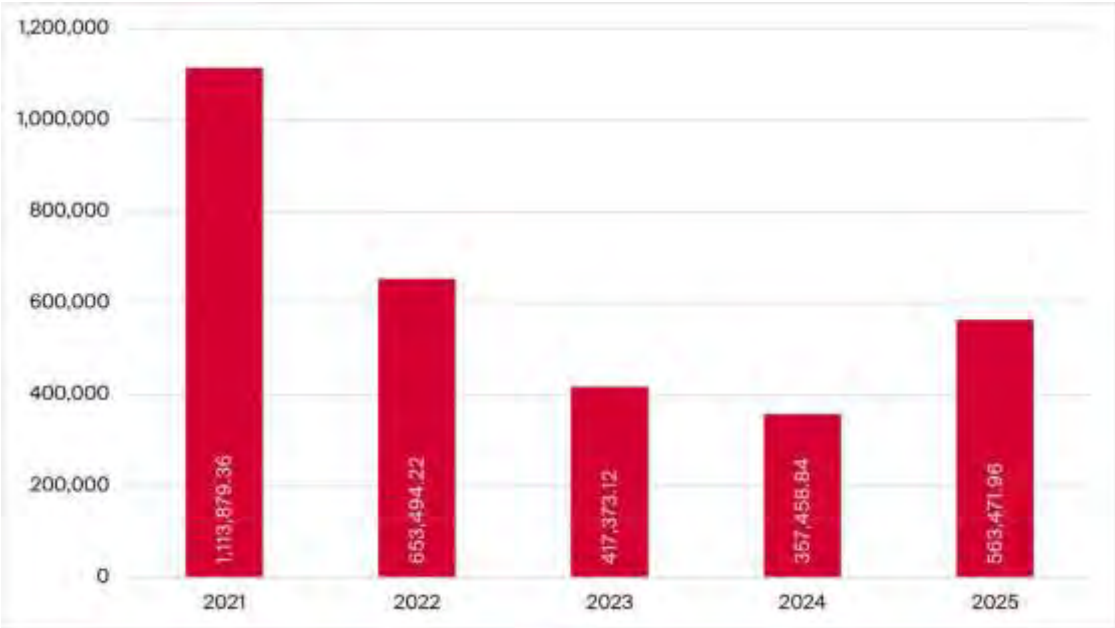
The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the

Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmark; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analysed, compared, and adjusted to provide a value indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A 3,000-sq.m. commercial lot located along Meralco Avenue corners of Dona Julia Vargas and Sapphire Roads, within Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP500,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

2. A 1,710-sq.m. commercial lot located at the corners of Emerald Avenue and Sapphire Road, beside Eton Emerald Lofts, within Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP350,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

3. An 1,838-sq.m. commercial lot located along Exchange Road corners of Pearl Drive and Amethyst Street, within Ortigas Center, Pasig City, is currently offered for sale at an asking price of PhP6000,000 per sq.m.
   Source: Daniel Olvina Ballo-Allo – (0977)831-7678

Summary of Adjustments

The Data Comparison Grid shown on Appendix **9** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP371,000 per sq.m.**, or a total of **PhP928,000,000** for a land area of **2,500 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	928,000,000	
Interest on Land Value			
PhP928,000,000 @ 4%	PhP	37,120,000	

Total	**PhP**	**37,120,000**	**per year**
		========	
Or	**PhP**	**3,093,330**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP1,237.33 per sq. m. per month**, or a total of **PhP3,093,330 per month**, or say, **PhP37,120,000 per annum** for the subject land area of **2,500 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate 4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and

additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [10]	Classification: Previous	Classification: Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERSCAPE ALPHA			
Lease Details			
Lot Area	:	2,500	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	1,237.33	/sq.m./ month
Annual Rent	:	37,120,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.21 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP165,000,000**.

We attach a copy of our valuation calculations at Appendix **6**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **10** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method – calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
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7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

nb	Country Code ISO Alpha 3	Country Name (1)	Classification Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate 4.30 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate 4.31 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions 4.32 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and would run for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. This occupancy rate includes committed leases. For this valuation exercise, we are assuming an average vacancy allowance of 9%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 17% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **7**.

Direct Capitalization Method 4.31 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.32 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value 4.33 Market Value is defined in the 2019 **International Valuation Standards** as:
"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.34 The valuation date is **30 June 2021.**

General Assumptions

Assumptions 4.35 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.36 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.37 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.38 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.39 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.40 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.41 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.42 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	**PhP165,000,000**
Building	**1,851,000,000**
Building Machinery & Equipment	**331,073,000**

TOTAL	**PhP2,347,073,000**
	==============
ROUNDED TO	**PhP2,347,000,000**
	==============

4.43 The Market Value of the Property is estimated at **PhP2,347,000,000 (TWO BILLION, THREE HUNDRED FORTY-SEVEN MILLION PHILIPPINE PESOS).**

Using Income Approach

4.44 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP8,545,000,000**
Direct Capitalization Method	**PhP9,452,000,000**

Calculation 4.45 We attach a copy of our valuation calculations for the Income Approach at Appendix **7 & 8**.

Comments 4.46 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.47 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.48 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP8,545,000,000 (EIGHT BILLION, FIVE HUNDRED FORTY-FIVE MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded PhP8,545,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®	**JACQUELINE T. GUERTA, CPV®**
Associate Director	Director
Licensed Real Estate Appraiser	Licensed Real Estate Appraiser
PRC Reg. No. 423	PRC Reg. No. 949
Date Issued and Validity: 04/14/2011 - 12/22/2022	Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533465 – 01/05/2021; Makati City	PTR No. 8533467- 01/05/2021; Makati City
TIN 185-543-916	TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV® RME
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analysed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL J. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
   Our Valuation of 14 Properties will be as follows:
   1. Valuation for 4 Properties
   2. Periodic Update of 14 Properties Under REIT Company (Quarterly basis – optional)
   3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Services **ROBINSONS LAND CORPORATION**

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a long-term franchise partnership, with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our Professional Indemnity Insurance may be provided upon receipt of request..

1.6. Santos Knight Frank, Inc., being a corporate entity, is regulated by the Securities and Exchange Commission (SEC), and in accordance with our reportorial requirements with them, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with law.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to the level of our fee as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set-out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear

4.6. Where permission is given for the publication of a Valuation neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the United Kingdom and the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causes beyond its reasonable control.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4%, subject to modification by our Accounting Department.

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including building, fire and sanitary regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. **Environmental issues**

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. **Minerals, timber, airspace etc.**

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. **Legal advice**

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. **Loan security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. **Build cost information**

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. **Reinstatement assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. **Comparable evidence**

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. **Valuation bases**

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

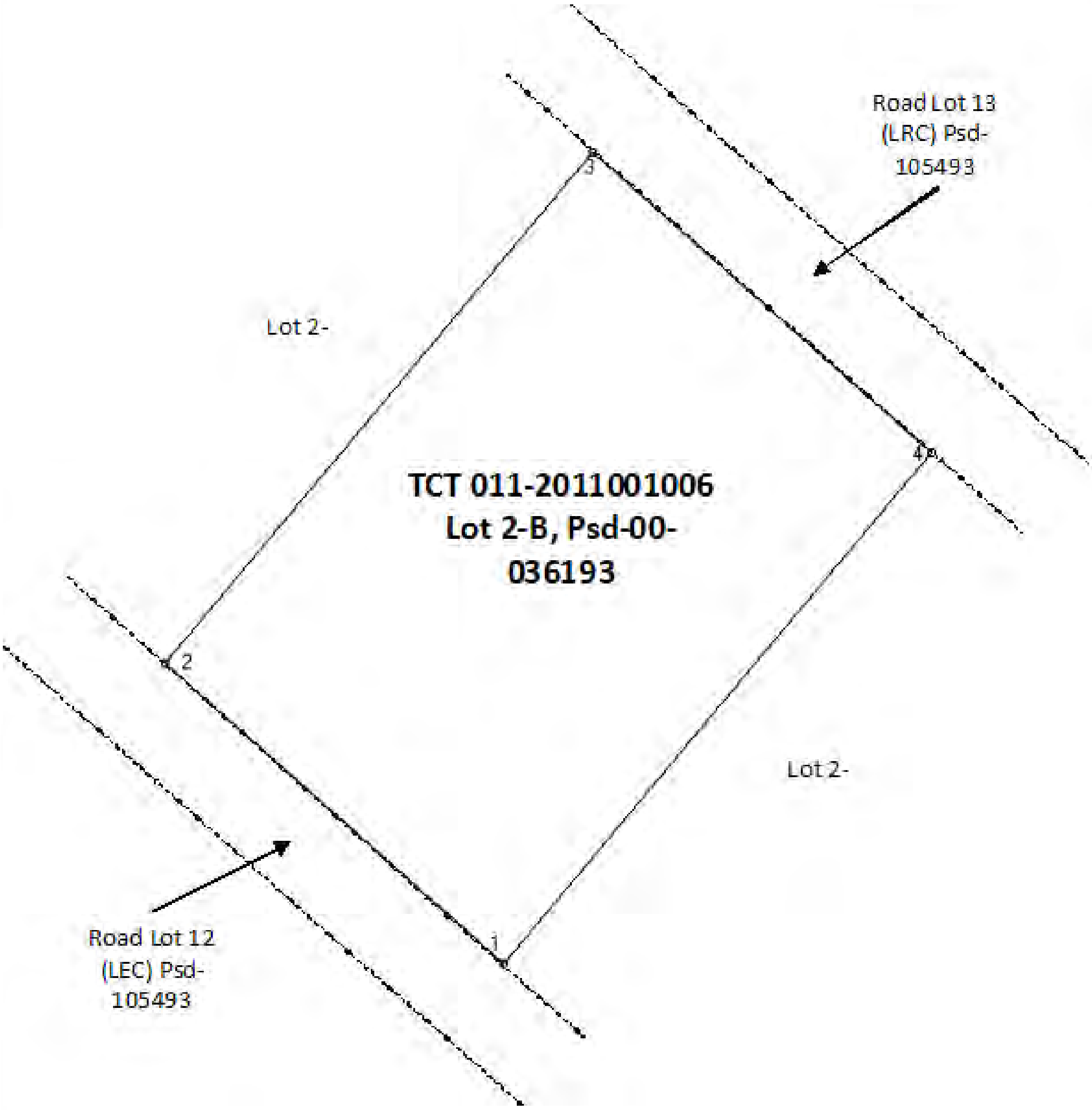
Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Lot Plan



This DRAWING should not be construed as FINAL as this is presented as a Visual Aid only, and is NOT SCALED for size.

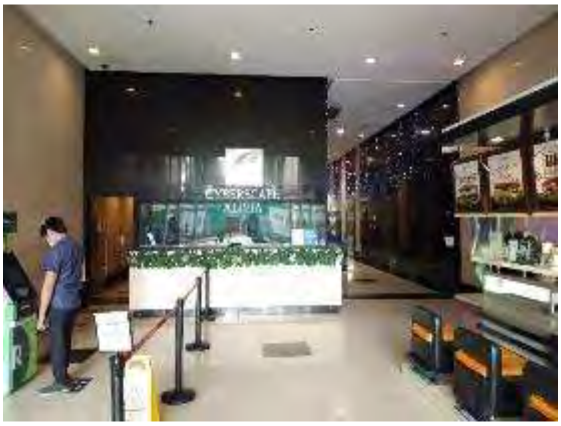
Santos Knight Frank 10th Flr., Ayala Tower 1 & Exchange Plaza Ayala Avenue, Makati City 1226 Philippines T: +632 752 2580 / F: +632 752 2571	TITLE LOT PLAN SCALE : N. T. S.	CLIENT ROBINSONS LAND CORPORATION LOCATION CYBERSCAPE ALPHA, ORTIGAS CENTER, PASIG CITY	NORTH

Appendix 5 - Photographs

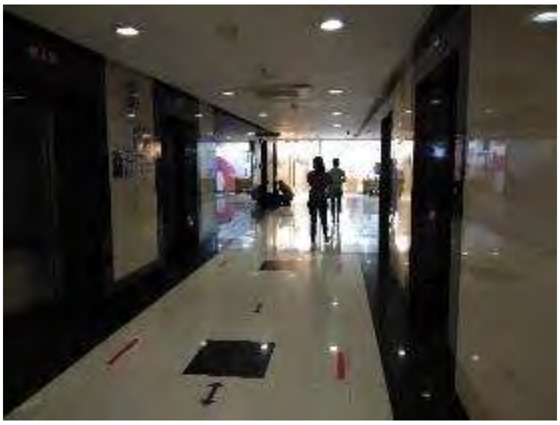
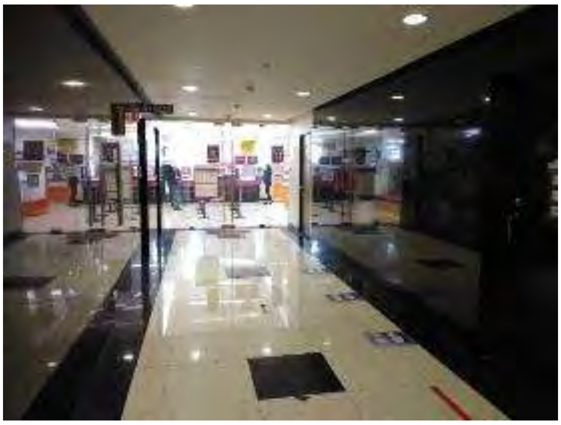
(SKF File Photos)

Views of Subject Property along Garnet Road

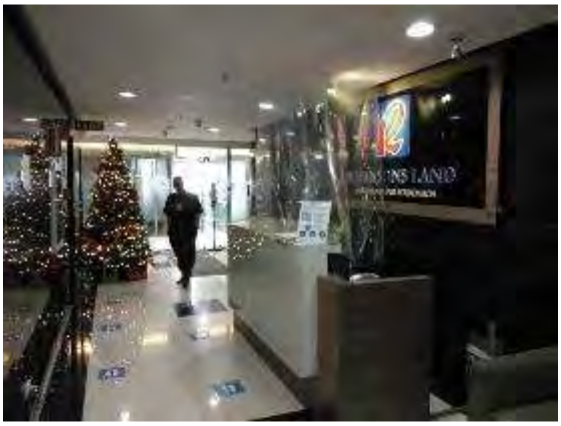
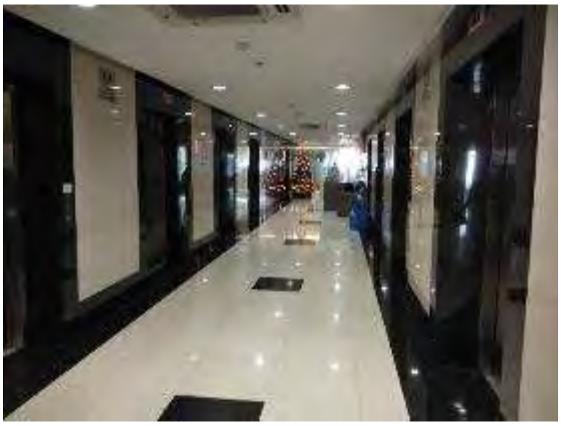
Views of Subject Property along Sapphire Road

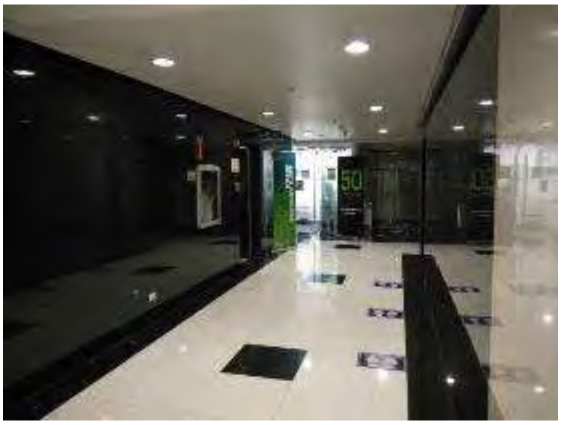
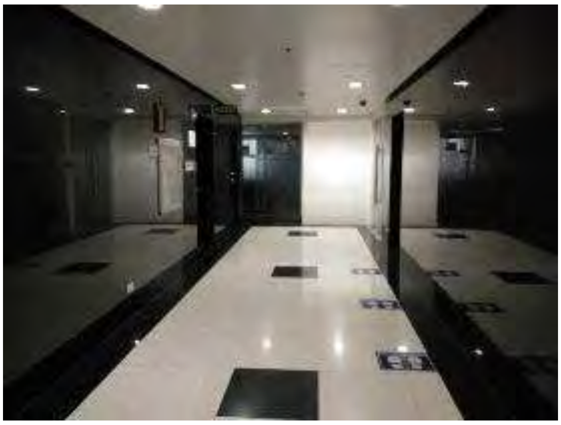

Lobby Area

Typical Views at 5th Floor

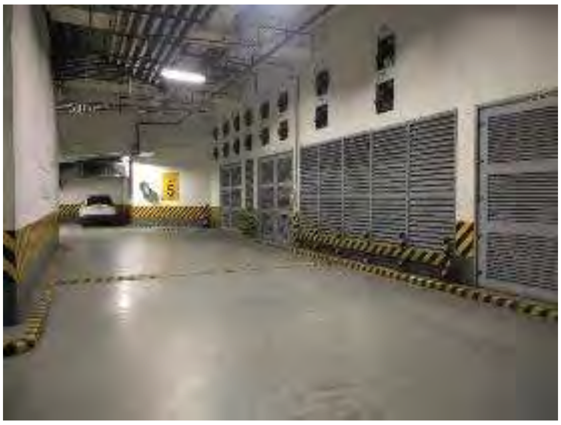
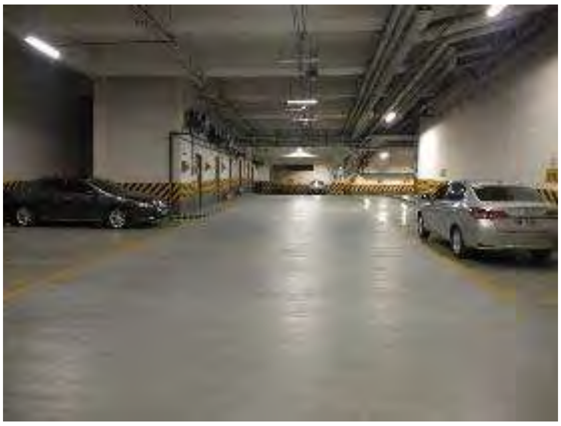
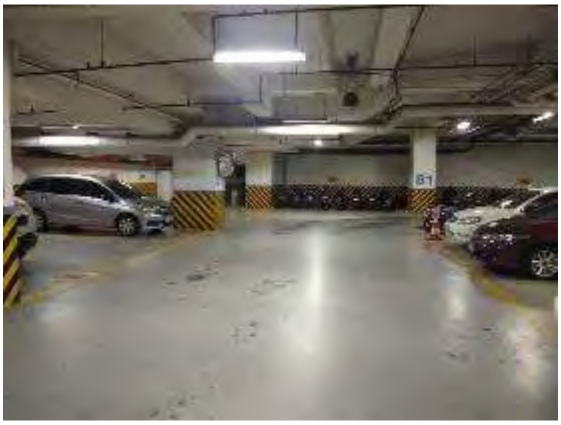



Typical Views at 14th Floor

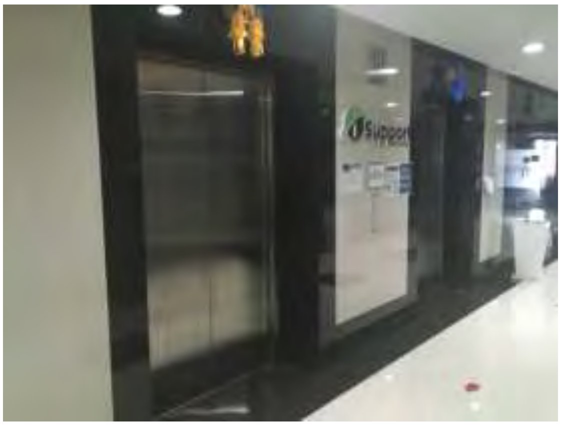
Typical Views at 15th Floor


Views of Roof deck


Typical Views of Basement from 1 to 7

BUILDING MACHINERY & EQUIPMENT



Elevators

Air Conditioning Systems

Gondola

Fire Pumps

Power Transformers

Low Voltage Switchgear

Transfer Pumps

Roots Blowers

Appendix 6 - Leasehold Value of the Land

	Period Covered		Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	102,086,231	7,146,036	9,356,274	2,210,238	0.966	2,134,114
2	January 01, 2022	December 31, 2022	421,696,259	29,518,738	38,233,600	8,714,862	0.901	7,849,541
3	January 01, 2023	December 31, 2023	441,499,522	30,904,967	39,380,608	8,475,641	0.840	7,121,337
4	January 01, 2024	December 31, 2024	455,915,014	31,914,051	40,562,026	8,647,975	0.784	6,778,110
5	January 01, 2025	December 31, 2025	461,176,459	32,282,352	41,778,887	9,496,535	0.731	6,943,278
6	January 01, 2026	December 31, 2026	481,978,936	33,738,526	43,032,254	9,293,728	0.682	6,338,618
7	January 01, 2027	December 31, 2027	502,004,138	35,140,290	44,323,221	9,182,932	0.636	5,842,398
8	January 01, 2028	December 31, 2028	515,313,426	36,071,940	45,652,918	9,580,978	0.593	5,686,236
9	January 01, 2029	December 31, 2029	549,364,759	38,455,533	47,022,505	8,566,972	0.554	4,742,940
10	January 01, 2030	December 31, 2030	567,663,208	39,736,425	48,433,181	8,696,756	0.516	4,491,410
11	January 01, 2031	September 30, 2031	441,967,477	30,937,723	37,312,126	6,374,403	0.490	3,125,222
12	January 01, 2032	December 31, 2032	606,392,390	42,447,467	51,382,761	8,935,294		
				Total Present Value of the Rental Gains				61,053,203
				Terminal Value of Leasehold Rights on the Land at Year 11				212,745,095
						Discounted at	0.490	104,304,000
						Total Value of Leasehold		165,357,203
								==========
						ROUNDED TO, say,		165,000,000
								==========

Appendix 7 - Valuation calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE APLHA
PROPERTY ADDRESS:	:	Saphhire & Garnet Roads, Ortigas Center, Pasig City
TOTAL LEASABLE AREA	:	49,901.72 sq.m.
Total No. of Parking Slots	:	405

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	211,239,583	434,774,638	454,989,265	470,266,065	475,393,716	496,886,974	517,378,038	531,320,970	537,833,702	555,336,506	286,572,226	593,258,224
Parking Slots	11,528,163	23,720,585	24,841,915	25,569,076	26,010,141	27,183,174	28,504,375	29,383,834	29,897,353	31,236,108	16,239,691	33,778,158
Other Areas	4,730,998	10,056,176	10,723,845	10,737,096	11,014,430	11,462,003	11,899,962	11,865,669	12,121,184	12,611,611	6,491,284	13,049,195
Gross Leasing Revenues	227,498,744	468,551,399	490,555,024	506,572,237	512,418,288	535,532,152	557,782,375	572,570,473	579,852,238	599,184,225	309,303,201	640,085,576
Less: Vacancy Allowance	*23,326,283*	*46,855,140*	*49,055,502*	*50,657,224*	*51,241,829*	*53,553,215*	*55,778,238*	*57,257,047*	*30,487,480*	*31,521,017*	*16,277,145*	*33,693,187*
Net Leasing Revenues	204,172,462	421,696,259	441,499,522	455,915,014	461,176,459	481,978,936	502,004,138	515,313,426	549,364,759	567,663,208	293,026,056	606,392,390
Other Income												
Management Dues	26,625,042	52,815,980	52,815,980	52,815,980	52,815,980	55,456,779	55,456,779	55,456,779	58,537,712	58,537,712	29,028,290	61,464,597
Aircon Dues	19,561,255	38,803,577	38,803,577	38,803,577	38,803,577	40,743,756	40,743,756	40,743,756	43,007,298	43,007,298	21,326,907	45,157,663
NET REVENUES	250,358,760	513,315,817	533,119,080	547,534,572	552,796,017	578,179,472	598,204,674	611,513,962	650,909,769	669,208,218	343,381,253	713,014,650
OPERATING COSTS & EXPENSES												
Contracted Services	4,184,471	8,642,574	9,048,438	9,343,880	9,451,713	9,878,055	10,288,467	10,561,238	11,259,113	11,634,136	6,005,506	12,427,882
Repairs & Maintenance	3,756,325	7,758,285	8,122,622	8,387,835	8,484,634	8,867,354	9,235,774	9,480,636	10,107,106	10,443,757	5,391,036	11,156,289
Management Fee	8,741,162	18,053,930	18,901,760	19,518,926	19,744,182	20,634,791	21,492,123	22,061,928	23,519,756	24,303,161	12,545,219	25,961,259
Loss from CUSA												
Power Charges - net	2,079,007	4,293,966	4,495,615	4,642,402	4,695,978	4,907,801	5,111,710	5,247,233	5,593,964	5,780,290	2,983,768	6,174,654
Water Charges - net	305,112	630,175	659,769	681,311	689,174	720,261	750,186	770,075	820,961	848,306	437,893	906,182
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	442,685	914,318	957,256	988,511	999,919	1,045,023	1,088,441	1,117,298	1,191,128	1,230,803	635,337	1,314,775
Miscellaneous Expense	70,589	145,794	152,641	157,625	159,444	166,636	173,559	178,161	189,933	196,260	101,309	209,649

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE APLHA
PROPERTY ADDRESS:	:	Saphhire & Garnet Roads, Ortigas Center, Pasig City
TOTAL LEASABLE AREA	:	49,901.72 sq.m.
Total No. of Parking Slots	:	405

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		1,171,616	2,402,188	2,494,863	2,562,323	2,586,946	2,705,734	2,799,447	2,861,731	3,046,093	3,131,725	1,606,938	3,336,728
Taxes & Licenses		6,646,409	13,184,453	13,579,987	13,579,987	13,579,987	13,579,987	13,987,387	13,987,387	13,987,387	13,987,387	7,144,297	14,407,008
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	
Commission Expense		-	-	543,239	2,970,203	1,497,501	-	351,463	634,376	3,396,960	1,749,322	-	403,009
Insurance Expense		911,340	1,868,540	1,940,627	1,993,101	2,012,254	2,104,653	2,177,547	2,225,995	2,369,401	2,436,010	1,249,955	2,595,472
Communication		17,231	35,328	36,691	37,683	38,046	39,793	41,171	42,087	44,798	46,057	23,633	49,072
Rent Expense		7,146,036	29,518,738	30,904,967	31,914,051	32,282,352	33,738,526	35,140,290	36,071,940	38,455,533	39,736,425	20,511,824	42,447,467
Supplies Expense		99,046	498,030	517,244	531,230	536,335	560,963	580,391	593,304	631,527	649,281	333,156	691,783
Travel & Transportation		468	960	997	1,024	1,034	1,081	1,119	1,144	1,217	1,252	642	1,333
Representation & Entertainment		8,638	17,710	18,394	18,891	19,072	19,948	20,639	21,098	22,458	23,089	11,847	24,600
TOTAL COSTS & EXPENSES		35,580,136	87,964,993	92,375,109	97,328,985	96,778,569	98,970,604	103,239,713	105,855,631	114,637,335	116,197,259	58,982,360	122,107,164
NET OPERATING INCOME		214,778,624	425,350,823	440,743,971	450,205,587	456,017,448	479,208,868	494,964,960	505,658,331	536,272,434	553,010,960	284,398,892	590,907,486
CAPEX	1.5%	3,062,587	6,325,444	6,622,493	6,838,725	6,917,647	7,229,684	7,530,062	7,729,701	8,240,471	8,514,948	4,395,391	9,095,886
NOI after CAPEX		211,716,037	419,025,380	434,121,478	443,366,862	449,099,801	471,979,184	487,434,898	497,928,629	528,031,962	544,496,011	280,003,502	581,811,600
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		202,715,379	368,083,859	349,857,526	327,805,835	304,627,997	293,713,088	278,285,498	260,804,185	253,735,464	240,043,066	118,276,505	225,471,108

Total Present Worth of Cashflows		2,997,948,402
Terminal Value of Property at 11Y	4.50%	13,131,277,467
Discounted at	0.42	5,546,793,510

TOTAL PROPERTY VALUE	8,544,741,912
Rounded to, say	8,545,000,000

Appendix 8 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERSCAPE APLHA
PROPERTY ADDRESS:	:	Saphhire & Garnet Roads, Ortigas Center, Pasig City
TOTAL LEASABLE AREA	:	49,901.72 sq.m.
Total No. of Parking Slots	:	405

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	434,774,638
Parking Slots	23,720,585
Other Areas	10,056,176
Gross Leasing Revenues	468,551,399
Less: Vacancy Allowance	46,855,140
Net Leasing Revenues	421,696,259
	-
Other Income	-
Management Dues	52,815,980
Aircon Dues	38,803,577
	-
NET REVENUES	513,315,817
	-
OPERATING COSTS & EXPENSES	-
	-
Contracted Services	8,642,574
Repairs & Maintenance	7,758,285
Management Fee	18,053,930
Loss from CUSA	-
Power Charges - net	4,293,966
Water Charges - net	630,175
Aircon Dues (Expense)	-
Others	914,318
Miscellaneous Expense	145,794
General and Administrative Expense	-
Salaries & Wages	2,402,188
Taxes & Licenses	13,184,453
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	1,868,540
Communication	35,328
Rent Expense	29,518,738
Supplies Expense	498,030
Travel & Transportation	960
Representation & Entertainment	17,710
TOTAL COSTS & EXPENSES	87,964,993
	-
NET OPERATING INCOME	425,350,823
Capitlization Rate	4.50%

TOTAL PROPERTY VALUE	9,452,240,521
Rounded to, say	9,452,000,000

Appendix 9 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Cyberscape Alpha: Sapphire Road and Garnet Road Ortigas Center, Pasig City	Meralco Avenue corners of Doña Julia Vargas Avenue and Sapphire Road, Origas Center, Pasig City		Emerald Avenue cor Sapphire Road, Ortigas Center, Pasig City		Exchange Road corners of Pearl Drive and Amethyst Street, Ortigas Center, Pasig City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		1,500,000,000.00		598,500,000.00		1,102,800,000.00	
Size (sq. m.) - Land Area	2,500	3,000.00		1,710.00		1,838.00	
Price Per sq.m. (Unadjusted)		PHP 500,000.00		PHP 350,000.00		PHP 600,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			500,000.00		350,000.00		600,000.00
Condition of Sale/Offer	N/A	Listing		Inquiry		Listing	
Comparison/Adjustment		Allowance	-20%	Allowance	-5%	Allowance	-20%
Adjusted Price			400,000.00		332,500.00		480,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	3%
Adjusted Price			400,000.00		332,500.00		494,400.00

PHYSICAL ADJUSTMENTS

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Location	Cyberscape Alpha: Sapphire Road and Garnet Road Ortigas Center, Pasig City	Meralco Avenue corners of Doña Julia Vargas Avenue and Sapphire Road, Origas Center, Pasig City		Emerald Avenue cor Sapphire Road, Ortigas Center, Pasig City		Exchange Road corners of Pearl Drive and Amethyst Street, Ortigas Center, Pasig City	
Comparison/Adjustment		superior	-5%	equal	0%	superior	-5%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size (in sq.m.)	2,500	3,000.00		1,710.00		1,838.00	
Comparison/Adjustment		inferior	5%	equal	0%	equal	0%
Shape	regular	rectangular		rectangular		rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Amenities/Utilities	available	available		availlable		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary roads / thru lot	main roads/2-corner lot		secondary road/corner lot		secondary roads/2-corner lot	
Comparison/Adjustment		superior	-15%	equal	0%	superior	-5%
Zoning	high density commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			25%		0%		10%
Total Net Adjustments			-15%		0%		-10%
Final Adjusted Price (Net Adjustment Basis)		340,000.00		332,500.00		444,960.00	
Weight		17.0%		50.0%		33.0%	
Weight Equivalent		57,800.00		166,250.00		146,836.80	
Value per sqm		370,886.80					
ROUNDED TO		371,000.00 per sq.m.					
Total Area		2,500.00 sq.m.					
INDICATED VALUE		928,000,000					

Appendix 10 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
Cyberscape Alpha - As seen during our inspection for the previous valuation done, this is a twenty-five (25)-storey, reinforced concrete-framed building with seven (7) basement levels and a roof deck. The ground floor is being utilized as lobby and for retail purposes. The second up to fourth floor is currently occupied by Go Hotels while the rest of the upper floors are used as offices with high and low zones. The basement levels, on the other hand, are mainly used as parking areas with some office and equipment rooms, while some equipment rooms can also be found at the roof deck. Construction features include partly granite tiles and mainly plastered cement finish precast concrete exterior walls; concrete slab roofing with waterproofing membrane; mainly ceramic tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on parking areas; granite tiles finish concrete partitions in lobbies; mainly gypsum board ceiling in common areas; frameless glass main entrance doors; and mainly glass on analok frame windows. The office units during handover to the tenants reportedly have plain cement finish concrete flooring, acoustic board on aluminum T-runner ceiling and electrical lighting facilities. The retail units as well as the floors occupied by Go Hotels, meanwhile, have plain cement finish concrete flooring, open ceiling and electrical lighting facilities upon turnover to the tenants. All interior works done on the leased areas were reportedly shouldered by the tenants and were, therefore, excluded in this report. The building is painted and provided with electrical lighting and plumbing facilities, and a concrete cistern at basement 7 with a capacity of about 150,000 gallons. It is also provided with building machinery and equipment such as elevators and air conditioning system, among others, described and valued in the succeeding sections of this report. Construction of the building was reportedly completed sometime in May 2014. Based on information provided to us by the client, total gross floor area of the building is approximately 68,088.95 sq. m.	**1,851,000,000**

Santos Knight Frank

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators	
3-Passenger Elevators (High Zone)- Schindler, 1,600 kgs., 22 persons capacity, 14 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	24,983,000
4-Passenger Elevators (Low Zone)- Schindler, 1,600 kgs., 22 persons capacity, 10 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	23,877,000
Service Elevator- Schindler, 1,600 kgs., 22 persons capacity, 33 landings, complete with electric drive motor, governor, control panel, wires, cables and other standard accessories	18,021,000
2-Parking Elevators- Schindler, 800 kgs., 11 persons capacity, 8 landings, machine less room, complete with electric drive motor, control panel, wires, cables and other standard accessories	4,341,000
Total for Elevators -	**71,222,000**
Air Conditioning and Ventilating System	
Lot-Air Conditioning System- Mitsubishi Electric Citi Multi, Variable Refrigerant Flow (VRF) System, modular type, system comprising of: 84 - ACCU Outdoor Units - 45 kw cooling capacity series 84 - ACCU Outdoor Units - 38 kw cooling capacity series 84 - ACCU Outdoor Units -	

33 kw cooling capacity series
168-ERV Units-
958 - ACCU Indoor Units (FCU) -
Ceiling mounted, ranges from 2 to 5 TR cooling capacity
74 - ACCU Indoor Units (FCU) -
Ceiling concealed type, 3.18 TR cooling capacity each
22 - ACCU Outdoor Units -
LG, 7.5 to 11 kw cooling capacity series
22-Distribution Transformers-
Dry type, 18 kva capacity
22 - ACCU Indoor Units (FCU) -
Ceiling concealed type, 3 to 7.5 TR cooling capacity
2-Fan Coil Units-
LG, ceiling concealed type, 5 TR cooling capacity each
Note: Located at Admin and Security Office
3-Fan Coil Units-
LG, ceiling concealed ducted type, 7.5 TR cooling capacity
Note: Located at Ground Floor Lobby
2-Fan Coil Units-
LG, ceiling mounted, 3 TR cooling capacity
Note: Located at Machine Room
2-Fan Coil Units-
LG, ceiling mounted, 5 TR cooling capacity
Note: Located at Machine Room
4-Fan Coil Units-
LG, ceiling mounted, 3 TR cooling capacity
Note: Located at Machine Room, 16th and Service Deck
Fan Coil Unit-
LG, wall mounted, 1.5 TR cooling capacity
Note: Located at Leasing B3
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories

Note: Installed in various locations 146,870,000

Lot-Air Ventilation and Exhaust System-
Consisting of:
7-Tubular Exhaust Fans-
Kruger, driven by 15 kw electric motor
Note: Located from Basement 1 to 7

7-Tubular Supply Fans-

Kruger, driven by 15 kw electric motor

Note: Located from Basement 1 to 7

75-Jet Fans-

Kruger, jet type, driven by 255 watts motor

Note: Located from Basement 1 to 7

2-Smoke Evacuation Blowers-

Kruger, centrifugal type, driven by 22 kw electric motor

Note: Located at Roofdeck

2-Pressurization Blowers-

Kruger, centrifugal type, driven by 22/18.5 kw electric motor

Note: Located at Roofdeck

4-ERV Exhaust Blowers-

Kruger, tube axial type, driven by 5.5 kw electric motor

Note: Located at Roofdeck

4-ERV Supply Blowers-

Kruger, tube axial type, driven by 7.5 kw electric motor

Note: Located at Roofdeck

Air Supply Blower-

Kruger, finned tube type, driven by 11 kw electric motor

Note: Located at STP Area

Exhaust Blower-

Kruger, finned tube type, driven by 11 kw electric motor

Note: Located at STP Area

2-Toilet Exhaust Blowers-

Kruger, driven by 5.5 kw electric motor

Note: Located at Roofdeck

FML Pressure Blower-

Kruger, driven by 15 kw electric motor

Note: Located at Roofdeck

5-Exhaust Fans-

Innovate, ceiling mounted, .058 kw motor drive

Note: Located at Comfort Rooms

16-Exhaust Fans-

Kruger, wall mounted, 710 mm fan blade diameter with drive motor

Note: Located at Genset Room

16-Air Supply Fans-

Kruger, wall mounted, 610 mm fan blade diameter with .55 kw drive motor

Note: Located at Genset Room

6-Air Supply Blowers-

Kruger, wall mounted, 610 mm fan blade diameter with .55 kw drive motor

Note: Located at Substation Room

6-Exhaust Fans-

Kruger, wall mounted, 710 mm fan blade diameter with drive motor

Note: Located at Substation Room

10-Exhaust Fans-

Kruger, wall mounted, 610 mm fan blade diameter with .12 kw drive motor

Note: Located at Utility Room/Pump Room

System complete with ductings installations, electrical and controls system and other standard accessories	6,840,000

Total for Air Conditioning and Air Ventilating System -	**153,710,000**

Lot-Building Management System-

System consisting of:

CPU (Air Conditioning System)-

Powerlogic, Core i7 with keyboard and mouse

LCD Monitor-

View Sonic

CPU (Elevator)-

Transformer type console

LCD Monitor-

Claxan

System complete with electrical wiring installations and other standard accessories

Note: System is on standby	**6,547,000**

Lot-Standby Power Supply and Electrical Power Distribution System -

System consisting of:

3-AC Electric Generating Set-

MGS-Stamford, Model MG-73PF, July /012 Mfg Date, Ser Nos. X12G291704, X12G291705, X12G291706 and X12G292709, 2605 kva (2084 kw) design output, 2125 kva (1700 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:

16 Cylinder Diesel Engine-

Mitsubishi, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation

4-Heat Exchangers-

Alfa Laval, Type M10-BEM, equipped with;

4-Water Pumps-

Dynaflo, centrifugal type, 4" pipe diameter size, driven by 5.5 kw electric motor

Generator Synchronizing Panel-

Metal clad casement, free standing with 7 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch,and standard accessories

Fuel Day Tank-

Mild steel plate of welded construction, 12,800 liters capacity

Fuel Storage Tank-

Mild steel plate of welded construction, 45,000 liters capacity

Note: Located at Basement 7

2-Fuel Pumps-

No available brand, rotary gear type, driven by 2.2 kw electric motor

Note: Located at Basement 7

2-Power Transformers-

No available brand, 2.5 mva rated capacity, 34.5 kv and 400 volts primary and secondary voltages, oil immersed, pad mounted, 3 phase

Vacuum Fault Interrupter-

G & W Electric Co., metal clad casement, 2 swing-out door panels

Low Voltage Switchgears-

Metal clad casement, free standing with 11 vertical sections, complete with main breakers, sub-breakers, magnetic contactors, relays, timers, on/off switches, pushbutton switches, pilot lights automatic transfer switch and standard accessories

Main Distribution Panel-

Metal clad casement, free standing with 2 vertical sections, 1,000 amperes rating

Main Distribution Panel-

Metal clad casement, free standing with 2 vertical sections, 1,600 amperes rating

2-Capacitor Banks-

Metal clad casement, free standing type, with 2 swing-out door panels, approx. 1,600 kvar capacity

System complete with electrical wiring installations, piping connections, contactors, relays and other standard accessories	**77,753,000**

Lot- Water Supply/ Distribution and Dewatering System-

Consisting of:

2-Water Storage Tanks-

Stainless steel construction, 12,500 gallons capacity

Note: Located at Roof Deck

2-Booster Pumps-

Paco Pumps, centrifugal type, driven by 5.5 kw electric motor, equipped with;

Pressure Tank-

Nema, mild steel construction, 1,500 liters capacity

Note: Unit located near Upper Deck Machine Room

2-Transfer Pumps-

Fairbanks Morse, vertical turbine type, 4" pipe diameter size, driven by 37.3 kw electric motor

Note: Located at Basement 7

3-Sump Pumps-

Submersible type, driven by 4.92 kw electric motor

Note: Located at Basement 7

System complete with piping connections, valves and fittings, controls and other standard accessories	**3,192,000**

Lot-Fire Fighting, Fire Alarm and Fire Detection System -

Consisting of:

Fire Pump-

Fairbanks Morse, vertical multi-stage turbine type, 750 gpm capacity, driven by 149.2 kw electric motor

Fire Pump-

Fairbanks Morse, vertical multi-stage turbine type, 750 gpm capacity, driven by 4 Cylinder Clarke / John Deere Diesel Engine

Jockey Pump-

Submersible type, driven by 7.5 kw electric motor

Automatic Transfer Switch-

Metal clad casement, free standing, 1,200 amperes

2-Fire Pump Controllers-

Eaton

Jockey Pump Controller-

Eaton

66-Fire Hose Cabinets-

Aluminum frame with glass panel door, wall mounted, complete with fire hose, nozzle and 10 lbs dry chemical type fire extinguisher
System complete with automatic sprinkler heads, FDAS, fire extinguishers, smoke and heat detectors, fire alarm bells, burglar alarm, piping connections, valves, fittings, and other standard accessories

Note: Installed in various locations.	**10,693,000**
Lot-Sewage Treatment Plant - Approximately at an average of 100 to 150 m^3 per day effluent working capacity (382 m^3 per day design capacity), complete with 2-18.65 kw air blowers, 2-14.92 kw effluent pumps, 2-3.74 kw influent pumps, air diffusers, valves, fittings, piping installations, collecting chamber tanks, controls and other standard accessories	**3,630,000**
Lot-CCTV Security Monitoring System- Consisting of: 94-CCTV Cameras- Fix dome type; 2-CCTV Cameras- Moving type; 6-LCD Monitors- Samsung, 32" screen size; 6-DVR- GMG Advanced K.264; 2-UPS- Intex, 1500 VA; System complete with controller, electrical and wiring installations, controls and other standard accessories	**2,487,000**
<u>**Others**</u>	
Walkthrough Metal Detector-	171,000
Gondola- MHE Demag, 200 kgs capacity, complete with cage, winch, weights, drive motor and other standard accessories	1,614,000
2-Parking Boom Barriers- Beninca, with 4 meters long tubular barrier *Note: One (1) unit is under repair*	54,000

Total for Others -	**1,839,000**

Total for Building Machinery & Equipment -	**331,073,000**
	==========

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.

Director

T 632.752.2580

F 632.752.2571

BONG.FUENTES@SANTOS.KNIGHTFRANK.PH

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. He heads the Group's Plant & Machinery Valuation Team. Being a Licensed Real Estate Appraiser, he is also actively involved in Real Property appraisal. His major function also includes handling the Team's operation side and managing the various engagements of the Group. His other responsibilities are business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank. Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Galleria Cebu -
Gen. Maxilom Avenue Ext. corner Sergio Osmeña Blvd.
Barangay Cebu Port Center, Cebu City, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Robinsons Galleria Cebu, Gen. Maxilom Avenue Ext. corner Sergio Osmeña Boulevard, Barangay Cebu Port Center, Cebu City, Philippines		
Description	The valuation comprises land (leasehold), building (two (2) designated floors only, the 3rd and 4th floor), and building machinery & equipment of a property identified as Robinsons Galleria Cebu, a PEZA registered, Grade A office building situated at the corner of Gen. Maxilom Avenue Ext. and Sergio Osmeña Boulevard. The site is about 950 meters southwest from SM City Cebu.		
Land Area	5,053.23 sq.m.		
Gross Floor Area	8,868.95 sq.m	**Gross Leasable Area**	8,851.18 sq.m.
Occupancy	100%	**WALE**	5.83 years
Ave. Lease Rate	PhP388/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE **(Income Approach)**	**PhP943,000,000** **NINE HUNDRED FORTY-THREE MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information was obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez	**Pablo D. Acebo**
Appraiser	Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building (two (2) designated floors only, the 3rd and 4th floor), and building machinery & equipment of that site identified as Robinsons Galleria Cebu office, located at the corner of Gen. Maxilom Avenue Ext. and Sergio Osmeña Boulevard, within Barangay Cebu Port Center, Cebu City. ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix 2. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.14 The valuation process was performed by **Raymond F. Dechavez** and **Pablo D. Acebo**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection

1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations

1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- floor area statistics
- lot area allocation
- copy of land title (TCT)
- tax declaration
- equipment list
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

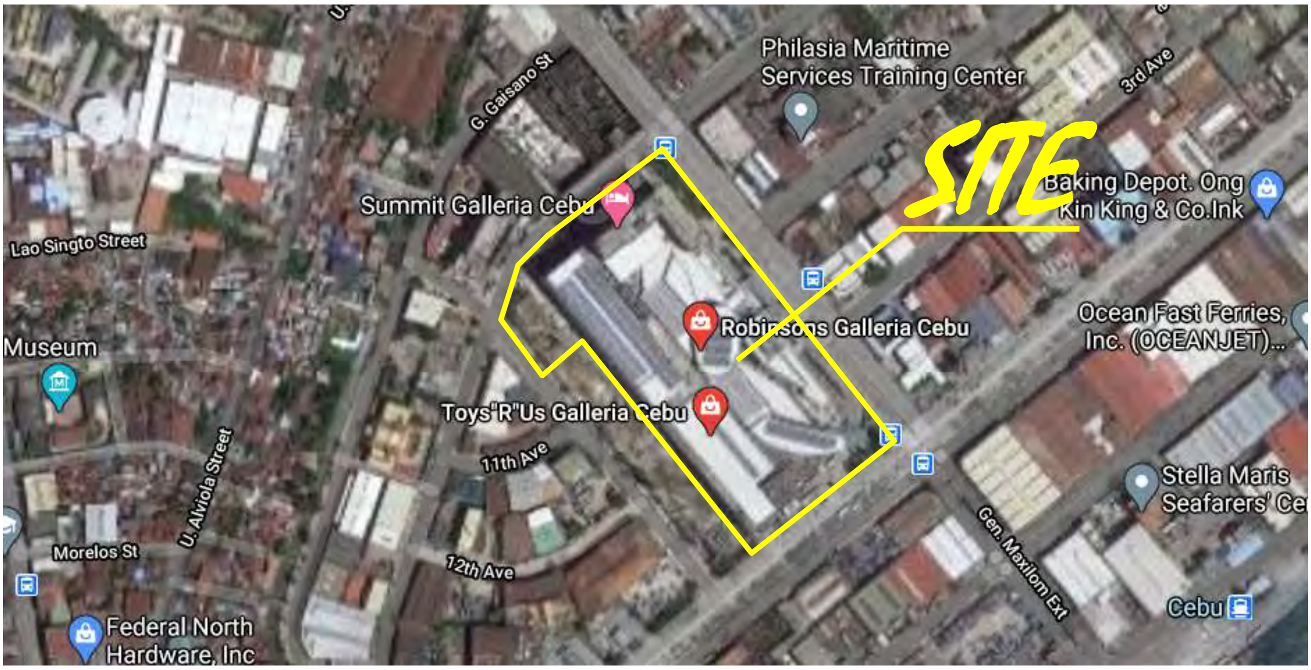
Address

2.1 The Property, identified as Robinsons Galleria Cebu, is located along Gen. Maxilom Avenue Ext. corner Sergio Osmeña Boulevard, within Barangay Cebu Port Center, Cebu City, Philippines. The Property is also bounded by Benedicto Street and 13th Avenue.

The Property is across the old White Gold Department Store Ruins about 80 meters southwest from Hotel Pier Cuatro; around 270 meters northwest from 2GO Travel Passenger Terminal; some 950 meters southwest from SM City Cebu, and about 1.5 kilometers northeast from Cebu City Hall.

General Maxilom Avenue Ext. and Sergio Osmeña Boulevard are both about 30 meters wide, while Benedicto Street and 13th Avenue have widths ranging from 12 to 15 meters. All are concrete-paved, provided with concrete curbs and gutters, and underground drainage system.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.



Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of

.

Neighborhood 2.3 The area is generally characterized by a mixture of commercial and light industrial developments. Some of the significant developments in the area include Summit Galleria Hotel, Robinsons Residences, Shell Gasoline Station, Bank of the Philippines Island, Hotel Pier Cuatro, Crown Port View Hotel, Cebu Chambers of Commerce and Industry, Genu Phils. Corp., J. Kyle Building, 2GO Transport Terminal, White Gold Club, Carreta Elementary School and Cebu City Health Center, among others.

Accessibility 2.4 Jeepneys and taxicabs are easily available throughout the day along the major thoroughfares such as Sergio Osmeña Boulevard, Gen. Maxilom Avenue and M.J. Cuenco Avenue while ferry boats are also available in the area which connects to other parts of Visayas and Mindanao regions.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificates of Title 2.5 Based on documents furnished us, the land consists of a lot technically identified as Lot 1, Psd-07-099981, portion of Block 10, Pcs-07-01-000206, containing an area of **39,744 sq.m.**, more or less. It is covered by Transfer Certificate of Title No. 107-2016002823 issued in favor of **the Client** on 04 August 2016 by the Registry of Deeds for Cebu City.

Lot Area Allocation 2.6 Based on information provided to us by the Client, land area allocated for “Robinsons Galleria Cebu” is about **5,053.23 sq. m.**

Draft Contract of Lease

2.7 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Galleria Cebu with an area of 5,053.23 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from the office floors of Robinsons Galleria Cebu which are owned by the Lessee (plus VAT, as appliable).

2.8 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure

2.9 For purposes of this engagement, ownership rights to the land is treated as **leasehold.**

Terrain

2.10 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Building Machinery & Equipment

Improvements and Machinery & Equipment

2.11 The land is presently improved with a retail/office building identified as Robinsons Galleria Cebu, a PEZA registered, Grade A office building, construction of which was completed sometime in August 2017. Following instructions from the Client, this report covers only two (2) designated office floors, the 3rd and 4th Floor. Also included in this valuation are the appurtenant Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **9**).

Tenure

2.12 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement

2.13 Based on the gross floor area tabulation provided to us by the Client, it has a total gross floor area of approximately **8,868.95 sq.m.**

2.14 The Gross Floor Area is tabulated as follows:

Designated Floor	GFA (sq.m.)
3rd Floor	4,102.04

[1] As of the date of this Valuation Report, application for the change in name from “Robinsons Realty and Management Corporation” to “RL Commercial REIT, Inc.” is pending the approval of the Philippine SEC.

4th Floor	4,766.91

Total	**8,868.95**

Condition

Scope of Inspection

2.15 As stated earlier, we have previously inspected the Property.

2.16 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.17 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.18 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.19 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.20 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.21 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.22 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.23 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.24 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage treatment plant.

Tenancies

Tenancy Information

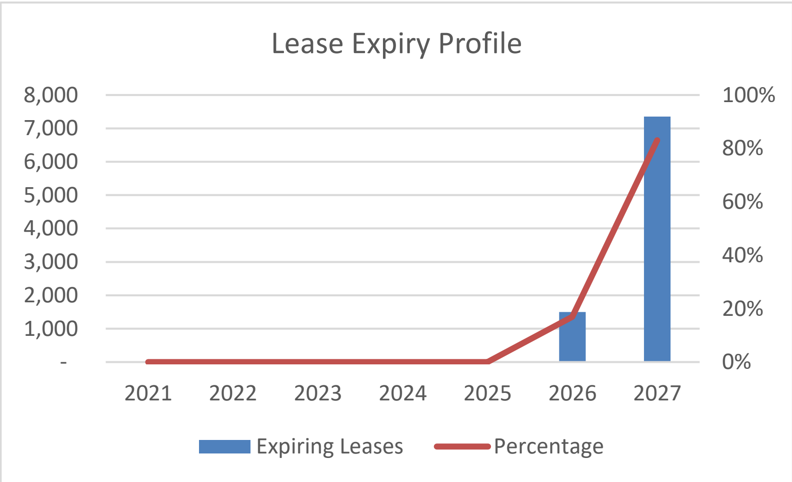
2.25 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.26 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.))	Lease Contract	
		Start	End
Tenant 1	2,595.30	01-Jul-19	23-Jul-27
	4,757.66	24-Apr-17	23-Jul-27
Tenant 2	1,498.22	16-Jan-17	09-Mar-26

2.27 Based on the rent roll provided, total leasable area is **8,851.18** sq.m. with **48** parking slots are available for lease. Said parking slots are owned by the mall. However, an arrangement was made between the mall and the Property wherein, the Property shall receive parking revenues pertaining to the 48 slots and the Property in turn would remit payment for parking related expenses. Currently, the Property is being occupied by two tenants involved in the BPO industry.

2.28 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 5.83 years. Earliest period with an expiring lease is 2026 with 17% of total leased area, followed by 2027 with 83% of leased area expiring.



Source: SKF, RLC

2.29 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the wall's frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may affect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under

prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.30 General Maxilom Avenue Ext. and Sergio Osmeña Boulevard are main thoroughfare, it is about 30 meters wide respectively, while Benedicto Street is about 12 meters wide, concrete-paved provided with concrete curbs and gutters, and underground drainage system.

2.31 Our informal enquiries with the City Assessor's Office – Tax Mapping Division confirmed that the Property enjoys frontages along Gen. Maxilom Avenue Ext. on the northeast; on the southeast by Sergio Osmeña Boulevard and on the northwest by Benedicto Street.

Access

2.32 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.33 From our enquiries with the city traffic enforcers and some establishments in the area, we have ascertained that the Property is within an indicative floodplain and that there is therefore a low flood risk.

Contamination

2.34 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.35 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.36 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.37 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)

View from Gen. Maxilom Avenue corner Osmena Boulevard

View along Gen. Maxilom Avenue

Interior Views of third floor

2.38 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown on the next pages is SKF's latest Cebu Office **Market Update.**

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

CEBU OFFICE MARKET: THE CHANGING LANDSCAPE AMID COVID-19

Outside Luzon sits the Philippines' next biggest urban area – Metro Cebu. Home to almost a million square meters (sq.m.) of office space and thousands of companies, the metropolis, along with the region of Central Visayas, is among the highest contributors to the Philippine economy and is considered to be among the country's primary office markets. In 2018 alone it had contributed around 6.5% to the Philippine GDP, valued close to PhP600 Billion. This was a growth of 7.6% year-on-year (y-o-y) of its own Gross Regional Domestic Product.

The office market in Cebu posted an occupancy rating of 90% for the 2H of 2019 and more than 260,000 sq.m. of upcoming office space for the rest of 2020. With two prominent business districts and more upcoming mixed-use township developments such as the Gatewalk Central, Mandani Bay, City di Mare and the growing Mactan Newtown, Cebu's office market is poised to expand further.

Recognizing its economic importance, the national government has initiated several key infrastructure projects in the area to further bolster its growth while providing another option, other than Manila, for investors and companies to invest and expand unto. The second Terminal Building of the Mactan-Cebu International Airport as well as the recently renovated Terminal Building 1 are among those projects. Still, more are in the pipeline such as the Metro Cebu Expressway and the Cebu Bus Rapid Transit.

Metro Cebu was caught off-guard, however, when the COVID-19 pandemic struck and started to spread among the Philippine islands. Following the declaration of the State of Public Health Emergency and State of Calamity for the entire country as well as a number of presumptive positive cases within its borders, the city of Cebu has declared the State of Enhanced Community Quarantine (ECQ) in a bid to arrest the spread of the virus.

Cebu under ECQ

Executive Order No. 64 Series of 2020 formally imposed the city of Cebu under an ECQ for a month starting from the 28th of March. A closure of businesses other than those deemed providing "essential goods" was also ordered prompting companies and large businesses to implement work-from-home (WFH) schemes. This in turn rendered office buildings empty except for a few skeletal personnel. In a matter of 2 days from the signing of EO 64, the streets of Cebu turned from having lanes of unending headlights to one devoid of life.

A significant drop in economic transactions soon followed and grappled the metropolis; and its aggregate damage still cannot be quantified. However, what is clear is that the longer the ECQ is imposed, the greater the dame figures will be. Companies are faced with financial pressure to continue operations for the continuity of their businesses. As the theory of evolution overstates

Note: Excerpts from the Santos Knight Frank May 2020 Cebu Office Market Update the "survival of the fittest", so too is the implication of the business climate amid the COVID-19 crisis.

With some of their tenants finding it hard to continue operations and/or maintain their current office take-up, landlords are faced with the possibility of increased vacancy. Unfortunately, with the anticipated drop in economic transactions for the rest of the year, the economic outlook for 2020 is dismal. The world institutions such as the International Monetary Fund (IMF) and the World Bank as well as the country's National Economic Development Authority (NEDA) and the Bangko Sentral ng Pilipinas (BSP) all concur. This being said, the prospect of finding new tenants looks slim, Developers of upcoming developments, to be operational within the year, are seemingly troubled apparently from the expected low office occupancy levels of their projects.

Global Trend of Office Landlords showing Flexibility

As a way of avoiding vacancy surges, landlords have found it better to provide rent relief measures to their tenants as it would be easier to keep them than look for new ones. Rent relief measures may come in the form of rent abatements, deferments and/or discounts. At a time when companies are finding it hard to generate revenues as mush as the previous years, rent relief measures help lessen the financial pressure of tenants, thereby prolonging their capacity to operate amid the ECQ.

With the rent relief measures in place, it is expected that headline office space lease rates in Cebu would freeze by the 1H 2020 with a possibility of contracting in the future months should the ECQ be continually imposed and/or market conditions continue to worsen. Gradually, these relief measures would also shift the market to one more favorable to tenants. As such, for some companies with excess amounts of cash, this may be the time to do value-shopping and look for the best deals for office space in the market.

FIGURE 1
Forecasts for the 2020 Philippine GDP Growth/ Contract

Source: World Bank, IMF, NEDA, BSP

Improving Business Continuity Plans (BCPs) & the Use of Tech

The effects of COVID-19 crisis on the economies around the world has been one of the most economically damaging and it is not likely to be the last one. At a time when most of the world is interconnected and global markets are heavily reliant on one another, external shocks between economies are bound to happen. With the threat of the next crisis just lurking in the corner, improving business continuity plans should be a priority for companies to ensure safeguards are in place in times of uncertainty.

The use of technology to sustain operations have been practiced by most companies even before the implementation of ECQ. Most notable among them is the use of communication applications (apps) that allow instant messaging and video conferencing between employees and clients. With the imposition of ECQ still ongoing, several companies have begun to use these apps as a means to reach the public and boost their online presence either through webinars or online press conferences. The use of these apps was also what WFH schemes possible in the first place.

The Effects of COVID-19 Crisis Post ECQ
Securing facilities and property management services is expected to be a priority for landlords after the implementation of ECQ. Aside from the overall management and cleanup services, they provide a sense of security for the tenants that their offices are well maintained and they act as "frontliners" in keeping the threat of COVID-19 off from the building premises.

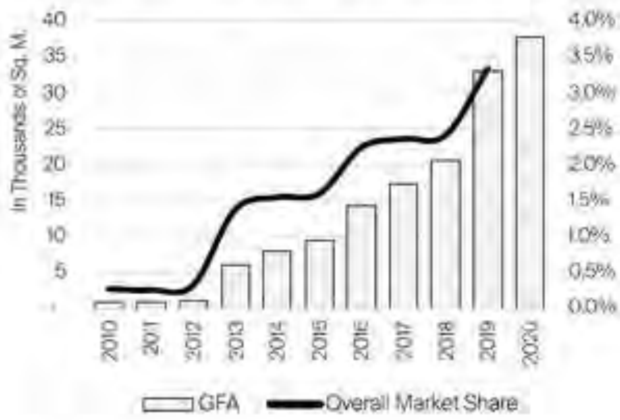
Developers may also pursue LEED, WELL and BERDE certifications for their existing and upcoming office spaces as future tenants may require certified office spaces for health and employee well-being purposes.

The implementation of ECQ has also caused delays in the upcoming office supply in Cebu. Originally at 260,000 sq.m., only 96,000 sq.m. of office space is seen viable to be operational within the year.

Even when the vaccine for COVID-19 is developed, physical distancing will continue to be practiced and become the new norm. As such, some companies may opt to continue implementing partial WFH scheme to limit the number of employees in their offices while others may find the WFH scheme to be effective in their business. Still, there may be other companies who will continue to fully implement WFH schemes and have their offices be filled only by a skeletal workforce. These arrangements may cause tenants to be more efficient in their office space utilization prompting them to lower their space requirements. As such, there is a possibility that the Cebu office market may have temporary surges in vacancy levels.

Companies who found WFH schemes to be ineffective for their businesses, however, would need additional office spaces capable of providing all the necessary office equipment at the soonest possible time to comply with the physical distancing mandate. This is where flexible and serviced offices can take advantage of as these spaces come with private rooms and, with few modifications, provide enough space allocation for every employee. Additionally, cautious tenants, in a bid to mitigate risks in these times of uncertainty, could find shelter in flexible and/or serviced offices.

FIGURE 2
Co-Working, Flexible & Serviced Office Space's Growth and their Overall Cebu Office Market Share



*2020 Figures cover only the months of January to March
Source: Santos Knight Frank Research

Although Co-Working office spaces would suffer from low occupancy levels due to its emphasis on "collaboration", which is not allowed under the physical distancing mandate, these spaces may still be converted to flexible and/or serviced offices to generate more revenues. Other services, like the provision of virtual address for tenants, may be bolstered to secure more revenue streams.

Currently, there is an estimated gross floor area of around 38,000 sq.m. for Co-Working, Flexible and Serviced Offices in Metro Cebu. This figure has continuously been increasing and in 2019 recorded a 60.27% y-o-y growth. However, with the COVID-19 virus looming, it is likely that this growth would contract as businesses try to survive and adapt to the new normal.

The Opportunities in Outsourcing Business
Similar as to what happened after the 2008 Global Financial Crisis, the Philippines may come out to be a top viable investment option for BPO companies. The pandemic has caused huge economic damages to other countries as well. Similarly, some major cities have also implemented their own versions of ECQ to curb the spread of COVID-19. With such damages, these companies may look to cut costs by outsourcing some of their businesses here. As the metropolis already offers affordable office spaces and a high quality of talent pool proven by the

sizeable BPO workforce residing here, Cebu has already proven that it has the necessary manpower and infrastructure to cater to such businesses.

Coping with the Changing Landscape

Santos Knight Frank recommends to both the landlords and the tenants to open a line of communication to come up with a "win-win" situation for both parties in reviewing their lease agreements and terms. The symbiotic relationship between the two should be fostered and both should work closely to accommodate each other's needs.

With a possible gradual increase in vacancy levels after the lifting of ECQ, landlords should actively seek out to retain their largest tenants as these companies would be crucial in keeping their properties financially afloat. As some companies may find WFH schemes effective in their business, landlords would have to be creative enough in either providing rent relief measures and/or proposing the idea of flexible work spaces to keep tenants from moving out of their properties or lowering their space requirements.

BCPs are necessary for companies for them to navigate their businesses through the times of uncertainty. The experiences of companies from the past crises should be incorporated into consideration to improve BCPs. Utilizing technology to bolster company efficiency and employee productivity should also be continually enhanced.

The value of having facilities and property management services in office buildings can no longer be discounted. Their presence alone already radiates to tenants and other stakeholders that the property is well maintained. This should prove crucial now and in the coming months as companies would probably prefer well-kept office spaces for health and employee well-being reasons.

In these times of uncertainty, everyone is affected. Businesses, both tenants and landlords, will have to adapt to a new normal and do so quickly or face extinction. The COVID-19 pandemic has revealed to everyone just how vulnerable our industries are to external shocks. Nevertheless, this is not the first time the country has faced similar catastrophes nor will it be the last. The resiliency of the Philippine market will always prevail as it has done so in the past. We are all in this together and we will all get through it.

4 Valuation Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;

- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmark; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analysed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A vacant commercial lot located at the corner Sergio Osmena Boulevard and T. Padilla Street, within Barangay Tejero, Cebu City, about 200 meters southwest from Robinsons Galleria Cebu, having an area of 2,444 sq.m. is being offered for sale at an asking price of PhP366,600,000 or about PhP150,000 per sq.m.
   Source: Filmore Amancia - 0917-335-0788

2. A vacant commercial lot located along 3rd Avenue, within Barangay Carreta, Cebu City, near Robinsons Galleria, having an area of 789 sq.m. is being offered for sale at an asking price of PhP130,000 per sq.m.
   Source: Filmore Amancia - 0917-335-0788

3. A commercial lot located along Quano Avenue, within Barangay Subangdaku, Mandaue City, near SM City Cebu, having an area of 5,329 sq.m. is being offered for sale at an asking price of PhP135,000 per sq.m.
   Source: Arbin Yamson - (0927) 884-2290

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP116,000 per sq.m.**, or a total of **PhP586,000,000** for a land area of **5,053.23 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	586,000,000	
Interest on Land Value			
PhP586,000,000 @ 4%	PhP	23,440,000	

Total	**PhP**	**23,440,000**	**per year**
		=========	
Or	**PhP**	**1,953,330**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP386.55 per sq. m. per month**, or a total of **PhP1,953,330 per month**, or say, **PhP23,440,000 per annum** for the subject land area of **5,053.23 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate 4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation

(PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast

period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

ROBINSONS GALLERIA CEBU			
Lease Details			
Lot Area	:	5,053.23	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	386.55	/sq.m./ month
Annual Rent	:	23,440,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.21 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP494,000,000**.

We attach a copy of our valuation calculations at Appendix **5**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash

flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange

(PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
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3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

nb	Country Code ISO Alpha 3	Country Name [10]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate 4.30 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate 4.31 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions 4.32 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. For this valuation exercise, we are assuming an average overall vacancy allowance of 1%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 20% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **7**.

Direct Capitalization Method 4.33 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value 4.34 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value 4.35 Market Value is defined in the 2019 **International Valuation Standards** as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date 4.36 The valuation date is **30 June 2021**.

General Assumptions

Assumptions 4.37 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.38 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.39 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the

Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.40 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.41 We were not likewise provided with a Lot Plan where Robinsons Galleria Cebu is erected. For purposes of this valuation, the land is assumed to be rectangular in shape.

4.42 The value of the improvement using cost approach is just an allocation as the subject 3rd and 4th floors cannot technically be separated from the rest of the building.

4.43 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.44 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.45 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.46 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under:

Land (Leasehold Value)	**PhP494,000,000**
Designated Building Floor (3rd and 4th)	**234,400,000**
Building Machinery & Equipment	**159,032,000**

T O T A L	**PhP887,432,000**
	============
R O U N D E D T O	**PhP887,000,000**
	============

4.47 The Market Value of the Property is estimated at **PhP887,000,000 (EIGHT HUNDRED EIGHTY-SEVEN MILLION PHILIPPINE PESOS).**

Using Income Approach

4.48 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP943,000,000**
Direct Capitalization Method	**PhP1,094,000,000**

Calculation

4.49 We attach a copy of our valuation calculations for the Income Approach at Appendix **6 & 7**.

Comments

4.50 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.51 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value

4.52 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP943,000,000 (NINE HUNDRED FORTY-THREE MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded PhP943,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 - 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533466 - 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 - 01/05/2021; Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However, we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analysed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

Santos Knight Frank

Santos Knight Frank

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
   1. Valuation for 4 Properties
   2. Periodic Update of 14 Properties
      Under REIT Company (Quarterly basis – optional)
   3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely, **SANTOS KNIGHT FRANK, INC.**	Approved and agreed to by: **ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC® Senior Director & Head Valuation and Advisory Mabel.Luna@santos.knightfrank.ph M (63-917) 865 3712	**FREDERICK D. GO** President & Chief Executive Officer Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)

Views along Gen. Maxilom Avenue

Other Interior Views


food gallery

Photographs of Building Machinery and Equipment


Escalators


Passenger Elevator


Freight Elevators


Standby Generators


Power Transformer and Distribution Panels


Water Chillers


Cooling Towers


Solar Power Inverters

Fire Pumps

Appendix 5 - Leasehold Value of the Land

	Period Covered		Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	10,520,956	736,467	5,908,164	5,171,697	0.966	4,993,576
2	January 01, 2022	December 31, 2022	42,484,933	2,973,945	24,143,200	21,169,255	0.901	19,067,305
3	January 01, 2023	December 31, 2023	43,917,386	3,074,217	24,867,496	21,793,279	0.840	18,310,977
4	January 01, 2024	December 31, 2024	45,400,708	3,178,050	25,613,521	22,435,471	0.784	17,584,473
5	January 01, 2025	December 31, 2025	46,936,821	3,285,577	26,381,927	23,096,349	0.731	16,886,619
6	January 01, 2026	December 31, 2026	48,143,850	3,370,070	27,173,384	23,803,315	0.682	16,234,616
7	January 01, 2027	December 31, 2027	48,874,181	3,421,193	27,988,586	24,567,393	0.636	15,630,356
8	January 01, 2028	December 31, 2028	49,704,157	3,479,291	28,828,243	25,348,952	0.593	15,044,406
9	January 01, 2029	December 31, 2029	52,189,365	3,653,256	29,693,091	26,039,835	0.554	14,416,455
10	January 01, 2030	December 31, 2030	54,354,456	3,804,812	30,583,883	26,779,072	0.516	13,829,961
11	January 01, 2031	September 30, 2031	42,170,814	2,951,957	23,561,321	20,609,364	0.490	10,104,295
12	January 01, 2032	December 31, 2032	57,473,349	4,023,134	32,446,442	28,423,307		
						Total Present Value of the Rental Gains		162,103,039
						Terminal Value of Leasehold Rights on the Land at Year 11		676,745,417
						Discounted at	0.490	331,792,626
						Total Value of Leasehold		493,895,665
								==========
						ROUNDED TO, say,		494,000,000
								==========

Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS GALLERIA CEBU OFFICE
PROPERTY ADDRESS:	:	General Maxilom Ave cor Sergio Osmena Blvd. Cebu City
TOTAL LEASABLE AREA:	:	8,851.18 sq.m.
Total No. of Parking Slots	:	48

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	20,762,016	41,923,641	43,340,851	44,808,552	46,328,658	47,515,412	48,239,654	49,064,451	51,517,673	53,644,690	27,431,898	56,798,235
Parking Slots	348,441	698,112	719,055	740,627	762,846	785,731	801,290	817,984	858,883	901,827	450,402	899,573
Other Areas	144,000	292,320	301,090	310,122	319,426	329,009	326,915	323,785	339,975	356,973	359,523	356,081
Gross Leasing Revenues	21,254,457	42,914,073	44,360,996	45,859,301	47,410,930	48,630,152	49,367,860	50,206,220	52,716,531	54,903,491	28,241,823	58,053,888
Less: Vacancy Allowance	*212,545*	*429,141*	*443,610*	*458,593*	*474,109*	*486,302*	*493,679*	*502,062*	*527,165*	*549,035*	*282,418*	*580,539*
Net Leasing Revenues	21,041,912	42,484,933	43,917,386	45,400,708	46,936,821	48,143,850	48,874,181	49,704,157	52,189,365	54,354,456	27,959,404	57,473,349
Other Income												
Management Dues	5,261,512	10,648,050	10,915,132	11,190,077	11,473,246	12,046,909	12,046,909	12,046,909	12,046,909	12,046,909	5,973,947	12,649,254
Aircon Dues	4,038,856	8,174,628	8,381,073	8,594,142	8,813,690	9,254,374	9,254,374	9,254,374	9,254,374	9,254,374	4,589,155	9,717,093
NET REVENUES	30,342,280	61,307,611	63,213,592	65,184,927	67,223,757	69,445,133	70,175,464	71,005,440	73,490,648	75,655,739	38,522,506	79,839,696
OPERATING COSTS & EXPENSES												
Contracted Services	1,234,422	2,492,374	2,576,409	2,663,428	2,753,544	2,824,354	2,867,199	2,915,889	3,061,684	3,188,698	1,640,235	3,371,668
Repairs & Maintenance	790,204	1,595,471	1,649,265	1,704,969	1,762,656	1,807,985	1,835,411	1,866,580	1,959,909	2,041,216	1,049,982	2,158,343
Management Fee	1,042,877	2,105,633	2,176,628	2,250,145	2,326,277	2,386,100	2,422,296	2,463,432	2,586,603	2,693,909	1,385,721	2,848,487
Loss from CUSA												
Power Charges - net	138,377	279,392	288,812	298,566	308,668	316,606	321,409	326,867	343,210	357,449	183,868	377,959
Water Charges - net	23,689	47,830	49,442	51,112	52,841	54,200	55,023	55,957	58,755	61,192	31,477	64,703
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	- 25,213	- 50,907	- 52,624	- 54,401	- 56,242	- 57,688	- 58,563	- 59,558	- 62,536	- 65,130	- 33,502	- 68,867
Miscellaneous Expense	4,249	8,580	8,869	9,169	9,479	9,723	9,870	10,038	10,540	10,977	5,646	11,607

PROPERTY NAME:	:	ROBINSONS GALLERIA CEBU OFFICE
PROPERTY ADDRESS:	:	General Maxilom Ave cor Sergio Osmena Blvd. Cebu City
TOTAL LEASABLE AREA:	:	8,851.18 sq.m.
Total No. of Parking Slots	:	48

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		490,008	990,078	1,020,858	1,052,694	1,085,620	1,121,494	1,133,288	1,146,692	1,186,826	1,221,791	622,113	1,289,359
Taxes & Licenses		558,722	1,108,334	1,141,584	1,141,584	1,141,584	1,141,584	1,175,832	1,175,832	1,175,832	1,175,832	600,576	1,211,107
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	-	-	-	-	134,047	667,904	-	-	151,339	379,809	-
Insurance Expense		150,184	303,453	312,887	322,644	332,736	343,731	347,346	351,454	363,755	374,471	190,674	395,181
Communication		810	1,637	1,688	1,741	1,795	1,854	1,874	1,896	1,962	2,020	1,029	2,132
Rent Expense		736,467	2,973,945	3,074,217	3,178,050	3,285,577	3,370,070	3,421,193	3,479,291	3,653,256	3,804,812	1,957,158	4,023,134
Supplies Expense		91,399	184,674	190,415	196,353	202,495	209,186	211,386	213,886	221,372	227,894	116,039	240,497
Travel & Transportation		8,519	17,213	17,748	18,301	18,874	19,497	19,703	19,936	20,633	21,241	10,816	22,416
Representation & Entertainment		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS & EXPENSES		5,244,713	12,057,706	12,456,199	12,834,355	13,225,905	13,682,743	14,431,170	13,968,191	14,581,801	15,267,712	8,141,642	15,947,726
NET OPERATING INCOME		25,097,567	49,249,906	50,757,393	52,350,572	53,997,852	55,762,390	55,744,295	57,037,249	58,908,847	60,388,027	30,380,864	63,891,970
CAPEX	1.5%	315,629	637,274	658,761	681,011	704,052	722,158	733,113	745,562	782,840	815,317	419,391	862,100
NOI after CAPEX		24,781,938	48,612,632	50,098,632	51,669,561	53,293,799	55,040,233	55,011,182	56,291,687	58,126,006	59,572,710	29,961,473	63,029,870
Discount Rate/ Present Worth Factor	9.00%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		23,728,386	42,702,724	40,374,375	38,202,187	36,149,612	34,251,588	31,406,890	29,484,361	27,931,319	26,262,848	12,656,050	24,426,145
Total Present Worth of Cashflows		343,150,340											
Terminal Value of Property at 11Y	4.50%	1,419,821,551											
Discounted at	0.42	599,747,967											

TOTAL PROPERTY VALUE	942,898,307
Rounded to, say	943,000,000

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS GALLERIA CEBU OFFICE
PROPERTY ADDRESS:	:	General Maxilom Ave cor Sergio Osmena Blvd. Cebu City
TOTAL LEASABLE AREA:	:	8,851.18 sq.m.
Total No. of Parking Slots	:	48

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	41,923,641
Parking Slots	698,112
Other Areas	292,320
Gross Leasing Revenues	42,914,073
Less: Vacancy Allowance	429,141
Net Leasing Revenues	42,484,933
Other Income	
Management Dues	10,648,050
Aircon Dues	8,174,628
NET REVENUES	61,307,611
OPERATING COSTS & EXPENSES	
Contracted Services	2,492,374
Repairs & Maintenance	1,595,471
Management Fee	2,105,633
Loss from CUSA	-
Power Charges - net	279,392
Water Charges - net	47,830
Aircon Dues (Expense)	-
Others	- 50,907
Miscellaneous Expense	8,580
General and Administrative Expense	
Salaries & Wages	990,078
Taxes & Licenses	1,108,334
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	303,453
Communication	1,637
Rent Expense	2,973,945
Supplies Expense	184,674
Travel & Transportation	17,213
Representation & Entertainment	-
TOTAL COSTS & EXPENSES	12,057,706
NET OPERATING INCOME	49,249,906
Capitlization Rate	4.50%
TOTAL PROPERTY VALUE	1,094,442,345
Rounded to, say	1,094,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Maxilom corner Sergio Osmena Boulevard, Barangay Cebu Port Center, Cebu City	Sergio Osmena Boulevard corner T. Padilla Street, Barangay Tejero, Cebu City, about 200 meters southwest from Robinsons Galleria Cebu		3rd Avenue, Barangay Carreta, Cebu City, near Robinsons Galleria		Quano Avenue, Barangay Subangdaku, Mandaue City, near SM City Cebu and Park Mall	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		366,600,000.00		102,570,000.00		719,415,000.00	
Size (sq. m.) - Total Net Area	5,053.23	2,444.00		789.00		5,329.00	
Price Per sq.m. (Unadjusted)		PHP 150,000.00		PHP 130,000.00		PHP 135,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			150,000.00		130,000.00		135,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-25%	Allowance	-15%	Allowance	-15%
Adjusted Price			112,500.00		110,500.00		114,750.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			112,500.00		110,500.00		114,750.00
PHYSICAL ADJUSTMENTS							
Location	Maxilom corner Sergio Osmena Boulevard, Barangay Cebu Port Center, Cebu City	Sergio Osmena Boulevard corner T. Padilla Street, Barangay Tejero, Cebu City, about 200 meters southwest from Robinsons Galleria Cebu		3rd Avenue, Barangay Carreta, Cebu City, near Robinsons Galleria		Quano Avenue, Barangay Subangdaku, Mandaue City, near SM City Cebu and Park Mall	
Comparison/Adjustment		equal	0%	inferior	10%	inferior	5%
Topography	flat	flat		flat		flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size of Lot/s	5,053.23	2,444.00		789.00		5,329.00	
Comparison/Adjustment		superior	-5%	superior	-10%	equal	0%
Shape	assumed regular	regular		regular		almost regular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	main road/concete/corner	main road/concete/corner		secondary road/concete		main road/concete	
Comparison/Adjustment		equal	0%	inferior	10%	inferior	5%
Zoning/Land Use	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			5%		30%		10%
Total Net Adjustments			-5%		10%		10%
Final Adjusted Price (Net Adjustment Basis)		106,875.00		121,550.00		126,225.00	
Weight		50.0%		17.0%		33.0%	
Weight Equivalent		53,437.50		20,663.50		41,654.25	
Value per sqm		PHP 115,755.25					
ROUNDED TO		PHP 116,000.00 per sq.m.					
Total Area		5,053.23 sq.m.					
INDICATED VALUE		PHP 586,000,000					

Appendix 9 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
ROBINSONS GALLERIA CEBU (3rd and 4th Floor) -	
As seen during our inspection for the previous valuation done, Robinsons Galleria Cebu is a four (4) - storey with two (2) - basement and roof deck, reinforced concrete framed building with glass curtain and concrete hollow block walls supplemented ACP cladding, glass panel windows and tempered glass entrance doors. Its interior finishes consist of homogeneous ceramic tiles flooring in hallways and common areas and plain cement and epoxy paint finish in basement parking levels and machine rooms; gypsum board with partly recess panel and acoustic ceiling; and hollow core, glass panel, steel louver and flush type doors. Reportedly, the building was completed sometime in August 2017.	
Following instructions from the client, this valuation covers only the 3rd to 4th floor. These floors house the Lingkod Pinoy, PRC, Chicken Delli, Chop Stop, Classic Savory, Jollibee, South Shores, Outland, Onesimus, The Shirt Bar, RRJ, Karat World, Sarabia Optical, Movie World Amusement, Foor Gallery and partly designated also as offices currently occupied by Sykes and PMax Global at the 3rd floor and the whole 4th floor by Sykes, both are BPO companies. The entire building is provided with electrical lighting and plumbing facilities. Total gross floor area of the 3rd and 4th floor is about 8,868.95 sq. m.	**234,400,000** ==========
Note: The value indicated is just an allocation as the subject 3rd and 4th floors cannot technically be separated from the rest of the building.	

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
<u>Elevators</u>	
2-Passenger Elevators (B2 - 4th Floor)-	
Hitachi, 19 persons capacity, 1600 kgs., 6 stops, complete with electric drive motor, governor, elevator cage, cablings, control and other standard accessories	7,715,000
Service/Freight Elevator (B2 - 4th Floor)-	
Hitachi, 24 persons capacity, 1600 kgs., 6 stops, complete with electric drive motor, governor, elevator cage, cablings, control and other standard accessories	3,087,000

Total for Elevators -	**10,802,000**

<u>Air Conditioning and Air Ventilating System</u>	
Lot-Air Conditioning System-	
Mitsubishi Electric, Variable Refrigerant Flow (VRF) System, modular type, system comprising of outdoor ACCU units and indoor fan coil units, and other accessories	
Lot-Air Ventilation and Exhaust System -	
Consisting of:	
Exhaust Blower -	
Niagara, centrifugal type, driven by 3.7 kW (5 hp) electric motor	
128-Jet Air Fans -	
Niagara, tubular, 0.45 kW motor rating	
System complete with insulated air ductings, ventilation air ductings, piping connections, controls and other standard accessories	**70,732,000**
Lot-Standby Power Supply and Electrical Power Distribution System-	
Consisting of:	
2-AC Electric Generating Sets -	

Mitsubishi, Model MGS, 2375 kVA (1900 kW) rated capacity, 0.8 power factor, 60 hz, 3 phase, each powered by:

16-Cylinder Diesel Engine -

Mitsubishi, v-type, 1800 rpm, turbo charged, complete with batteries, synchronizing controls and other standard accessories, steel skid mounted on concrete foundation

6-Fuel Transfer Pumps -

gear type, 149 kW drive motor

2-Power Transformers -
Elektrim, dry resin type, 2.25 MVA rated capacity, 23 kV primary voltage, 3-phase, 60hz, pad mounted with enclosure cabinet

Medium Voltage Switchgear -

Metal clad enclosure, free standing, 6 feeders vertical casements, 24 kv rating, 1250A
2-Load Break Switch -

Italweber, metal clad enclosure, free standing, 2.25 MVA rating

2-Main Distribution Panels -

Mitasol, metal clad enclosure, free standing, 12 vertical casements, 5000 A main breaker, 400VAC/230V, 3 phase, 60hz

2-Low Voltage Switchgear -

Fujihaya, 5000 AT rating

System complete with electrical and wiring installations, automatic transfer switches, manual switch, meters, pilot lamps, controls and other standard accessories **58,927,000**

Lot-Water Supply and Sewerage System-

Consisting of:

3-Booster Water Pumps (Potable)-

WEG, centrifugal, 11.2 kW drive motor

3-Booster Water Pumps (Non-potable)-

WEG, centrifugal, 11.2 kW drive motor

20-Sump Pumps -
Submersible, 7.4 kW drive motor

System complete with pipings, valves, meters, bladder tanks, and other standard accessories **6,126,000**

Lot-Automatic Fire Fighting, Fire Protection and Alarm System-

Consisting of:

2-Electric Fire Pumps -

Pentair Fairbanks, horizontal split case, driven by 149 kW electric motor

Jockey Pump -	
Grundfos, vertical inline, driven by 7.5 kW electric motor	
System complete with electrical installations, pipings, valves, controllers, control panel, pilot lamps, and other standard accessories	**3,945,000**
Lot-Sewage Treatment Plant -	
Average effluent working capacity at approximately 200 cu.m. per day, equipped with: 2-18.6 kW Anlet aeration blowers, 2-3.7 kW Kisumi-Densan effluent pumps, 2-3.7 kW feed pumps, 2-3.7 kW decant pumps, 2-0.74 kW sludge reduction pumps, 0.74 kW sludge wasting pump, 2-7.4 kW lift stations, chlorinator, piping installations, valves, fittings, controls, and other standard accessories.	**4,336,000**
<u>Other Equipment</u>	
Manlift -	
MHE Demag, scissor lift aerial work platform	**724,000**
Aerial Work Platform -	
Ommelift A/S	**3,440,000**

Total for Building Machinery & Equipment -	**159,032,000**
	==========

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.

Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

PABLO D. ACEBO

Appraiser

T 632.752.2580

F 632.752.2571

Pablo.Acebo@santos.knightfrank.ph

Pablo D. Acebo is an Appraiser of Santos Knight Frank under the Valuations Group.

Prior to joining Santos Knight Frank, Mr. Acebo was involved with Valencia Appraisal Corporation. He started there as a staff appraiser sometime in 1991 and he held the position of Senior Appraiser – Real Estate Division. Through the years, he has gained vast experience in real estate valuation. During his more than 20 years experience in his field, he had been involved in property valuation concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Architecture, Saint Louis University, Tuguegarao City

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Cybergate Cebu -
Don Gil Garcia Street
Barangay Capitol Site
Cebu City, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Don Gil Garcia Street, Barangay Capitol Site, Cebu City		
Description	The valuation comprises land (leasehold), building (5th, 6th and 7th floor), and building machinery & equipment of Cybergate Cebu, a PEZA registered, Grade B office building located at the corner of Don Gil Garcia Street and unnamed road, some 350 meters northwest from Crown Regency Hotel. The site is also across Banco De Oro – Fuente Osmeña Branch and Chong Hua Hospital.		
Land Area	2,308.42 sq.m.		
Gross Floor Area	6,921.84 sq.m	**Gross Leasable Area**	6,866.28 sq.m.
Occupancy	100%	**WALE**	3.66 years
Ave. Lease Rate	PhP317/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (98 years)		
MARKET VALUE **(Income Approach)**	**PhP672,000,000** **SIX HUNDRED SEVENTY-TWO MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Pablo D. Acebo
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 – 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 – 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 – 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building (three (3)-designated floors only, 5th, 6th and 7th floor) and building machinery & equipment of that site identified as Robinsons Cybergate Cebu, located along **Don Gil Garcia Street,** within **Capitol Site, Cebu City, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability 1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise 1.14 The valuation process was performed by **Raymond F. Dechavez** and **Pablo D. Acebo**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting 1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection 1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations 1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction, we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor area tabulation (3-floors)
- site development plan
- copy of land title (TCT)
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property consists of three (3) designated floors identified as 5th, 6th and 7th floors of Robinsons Cybergate Cebu - a mixed-use office and retail building, located on a block bounded by Don Gil Garcia Street on the northeast, by an unnamed road on the southeast, by Don Mariano Cui Street on the southwest, and by Don Julio Llorente Street on the northwest, within Barangay Capitol Site, Cebu City.

The block is diagonally across Fuente Osmeña Circle. It is located about 900 meters south from Provincial Capitol and approximately 1.6 kilometers northwest from Colon District, the old commercial district of Cebu. In In addition, it is also about 2.6 kilometers southwest from Ayala Center Cebu.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

2.2 The street plan below shows the location of the Property.

Neighborhood 2.3 The site lies on the northwest periphery of Fuente Osmeña Circle, a famous landmark of Cebu City. The circle is surrounded by commercial establishments like hotels, restaurants, banks, convenience stores, offices and shopping centers. There are also bars, food park and hospitals nearby.

Considered as some of the notable establishments in the area are: Robinsons Department Store, Metrobank Plaza, Crown Regency Hotel, Banco de Oro, Summit Circle Hotel, Coast Pacific Business Plaza, Rajah Park Hotel, Raintree Mall, Holiday Plaza Hotel, Elegant Circle Inn, Grepalife Tower, and Chong Hua Hospital, amongst others.

Accessibility 2.4 Public transportation is mainly available throughout the day along the nearby Fuente Osmeña Circle and the intersecting Osmeña Boulevard and Maxilom Avenue, both main thoroughfares providing easy access to various important section of Cebu City.

Land Details

Certificates of Title 2.5 Based on documents furnished us, the land where Robinsons Cybergate Cebu is erected, is identified as Lot 1, Pcs-07-002145 containing an area of 4,772 sq.m**.,** covered by Transfer Certificate of Title No. 155238 issued in favor of **the Client** on March 21, 2000 by the Registry of Deeds for Cebu City.

Land Area Allocation 2.6 Based on information provided to us by the Client, the land area allocated for the office floors is approximately 2,308.42 square meters.

Draft Contract of Lease	2.7	We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation)[1], as the Lessee.
		Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Cybergate Cebu with an area of 2,308.42 sq.m. Lease term would be for a period of 98 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from the floors of Robinsons Cybergate Cebu which is owned by the Lessee (plus VAT, as appliable).
	2.8	The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.
		In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.
Tenure	2.9	For purposes of this engagement, ownership rights to the land is treated as **leasehold**.
Terrain	2.10	The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment	2.11	The land is presently improved with a retail/office building identified as Robinsons Cybergate Cebu, a PEZA registered, Grade B office building, construction of which was completed sometime in June 2011. Following instructions from the Client, this report covers only three (3) designated office floors, the 5th, 6th and 7th Floors. Also included in this valuation are the appurtenant Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **9**).
Tenure	2.12	We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement	2.13	Based on the gross floor area tabulation provided to us by the Client, the designated three (3) – floors has a total gross floor area of approximately **6,921.84** sq. m.
	2.14	The Gross Floor Area (GFA) is tabulated as follows:

Floor	GFA
5F	2,307.28

[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

6F	2,307.28
7F	2,307.28

Total	6,921.84

Condition

Scope of Inspection

2.15 As stated earlier, we have previously inspected the Property.

2.16 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.17 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s infact, we were not allowed to enter to the designated floors of the subject property, as these are occupied by tenants. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.18 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided to us.

2.19 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.20 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.21 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.22 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.23 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.24 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage treatment plant.

Tenancies

Tenancy Information

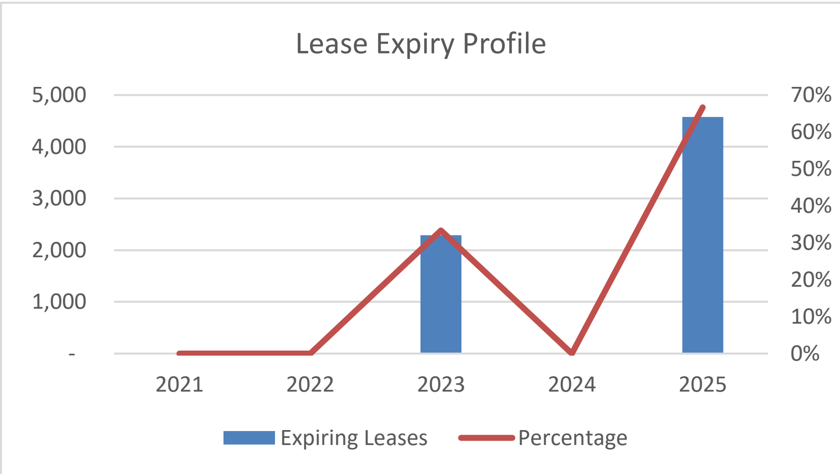
2.25 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.26 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	Lease Contract End
Tenant 1	4,577.52	27-Sep-10	26-Dec-25
Tenant 2	2,288.76	01-Jul-18	30-Jun-23

2.27 Based on the rent roll provided, total leasable area is **6,866.28** sq. m. with 4 parking slots. Said parking slots are owned by the mall. However, an arrangement was made between the mall and the Property wherein, the Property shall receive parking revenues pertaining to the 4 slots and the Property in turn would remit payment for parking related expenses. Currently, the Property is being occupied by two tenants involved in the BPO industry.

2.28 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 3.66 years. The earliest period with an expiring lease is 2023 with 33% of total leased area, while the remaining area (67%) will be expiring in 2025.



Source: SKF/ RLC

2.29 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.30 The road networks in the area can accommodate light to moderate pedestrian and vehicular traffic loads. The roads range from 10 to 15 meters wide, mostly are concrete-paved and some have asphalt overlay, provided with cemented sidewalks, curbs and gutters, and underground drainage system.

2.31 Our informal enquiries with the City Assessor's Office – Tax Mapping Division confirmed that the site enjoys frontages along four (4) roadways.

Access

2.32 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.33 From our enquiries with the City Planning Office, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.34 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.35 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.36 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible,

appropriately supported, financially feasible, and which results in highest land value.

2.37 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)

Restrictions

2.38 Taking pictures of the subject floors were not allowed during inspection. Photographs attached herein are limited only to the common/public areas and exterior views of the building.

2.39 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown on the next pages is Santos Knight Franks' latest **Cebu Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

CEBU OFFICE MARKET: THE CHANGING LANDSCAPE AMID COVID-19

Outside Luzon sits the Philippines' next biggest urban area – Metro Cebu. Home to almost a million square meters (sq.m.) of office space and thousands of companies, the metropolis, along with the region of Central Visayas, is among the highest contributors to the Philippine economy and is considered to be among the country's primary office markets. In 2018 alone it had contributed around 6.5% to the Philippine GDP, valued close to PhP600 Billion. This was a growth of 7.6% year-on-year (y-o-y) of its own Gross Regional Domestic Product.

The office market in Cebu posted an occupancy rating of 90% for the 2H of 2019 and more than 260,000 sq.m. of upcoming office space for the rest of 2020. With two prominent business districts and more upcoming mixed-use township developments such as the Gatewalk Central, Mandani Bay, City di Mare and the growing Mactan Newtown, Cebu's office market is poised to expand further.

Recognizing its economic importance, the national government has initiated several key infrastructure projects in the area to further bolster its growth while providing another option, other than Manila, for investors and companies to invest and expand unto. The second Terminal Building of the Mactan-Cebu International Airport as well as the recently renovated Terminal Building 1 are among those projects. Still, more are in the pipeline such as the Metro Cebu Expressway and the Cebu Bus Rapid Transit.

Metro Cebu was caught off-guard, however, when the COVID-19 pandemic struck and started to spread among the Philippine islands. Following the declaration of the State of Public Health Emergency and State of Calamity for the entire country as well as a number of presumptive positive cases within its borders, the city of Cebu has declared the State of Enhanced Community Quarantine (ECQ) in a bid to arrest the spread of the virus.

Cebu under ECQ

Executive Order No. 64 Series of 2020 formally imposed the city of Cebu under an ECQ for a month starting from the 28th of March. A closure of businesses other than those deemed providing "essential goods" was also ordered prompting companies and large businesses to implement work-from-home (WFH) schemes. This in turn rendered office buildings empty except for a few skeletal personnel. In a matter of 2 days from the signing of EO 64, the streets of Cebu turned from having lanes of unending headlights to one devoid of life.

A significant drop in economic transactions soon followed and grappled the metropolis; and its aggregate damage still cannot be quantified. However, what is clear is that the longer the ECQ is imposed, the greater the dame figures will be. Companies are faced with financial pressure to continue operations for the continuity of their businesses. As the theory of evolution overstates

Note: Excerpts from the Santos Knight Frank May 2020 Cebu Office Market Update the “survival of the fittest”, so too is the implication of the business climate amid the COVID-19 crisis.

With some of their tenants finding it hard to continue operations and/or maintain their current office take-up, landlords are faced with the possibility of increased vacancy. Unfortunately, with the anticipated drop in economic transactions for the rest of the year, the economic outlook for 2020 is dismal. The world institutions such as the International Monetary Fund (IMF) and the World Bank as well as the country’s National Economic Development Authority (NEDA) and the Bangko Sentral ng Pilipinas (BSP) all concur. This being said, the prospect of finding new tenants looks slim, Developers of upcoming developments, to be operational within the year, are seemingly troubled apparently from the expected low office occupancy levels of their projects.

Global Trend of Office Landlords showing Flexibility

As a way of avoiding vacancy surges, landlords have found it better to provide rent relief measures to their tenants as it would be easier to keep them than look for new ones. Rent relief measures may come in the form of rent abatements, deferments and/or discounts. At a time when companies are finding it hard to generate revenues as mush as the previous years, rent relief measures help lessen the financial pressure of tenants, thereby prolonging their capacity to operate amid the ECQ.

With the rent relief measures in place, it is expected that headline office space lease rates in Cebu would freeze by the 1H 2020 with a possibility of contracting in the future months should the ECQ be continually imposed and/or market conditions continue to worsen. Gradually, these relief measures would also shift the market to one more favorable to tenants. As such, for some companies with excess amounts of cash, this may be the time to do value-shopping and look for the best deals for office space in the market.

FIGURE 1
Forecasts for the 2020 Philippine GDP Growth/ Contract

Source: World Bank, IMF, NEDA, BSP

Improving Business Continuity Plans (BCPs) & the Use of Tech

The effects of COVID-19 crisis on the economies around the world has been one of the most economically damaging and it is not likely to be the last one. At a time when most of the world is interconnected and global markets are heavily reliant on one another, external shocks between economies are bound to happen. With the threat of the next crisis just lurking in the corner, improving business continuity plans should be a priority for companies to ensure safeguards are in place in times of uncertainty.

The use of technology to sustain operations have been practiced by most companies even before the implementation of ECQ. Most notable among them is the use of communication applications (apps) that allow instant messaging and video conferencing between employees and clients. With the imposition of ECQ still ongoing, several companies have begun to use these apps as a means to reach the public and boost their online presence either through webinars or online press conferences. The use of these apps was also what WFH schemes possible in the first place.

The Effects of COVID-19 Crisis Post ECQ

Securing facilities and property management services is expected to be a priority for landlords after the implementation of ECQ. Aside from the overall management and cleanup services, they provide a sense of security for the tenants that their offices are well maintained and they act as “frontliners” in keeping the threat of COVID-19 off from the building premises.

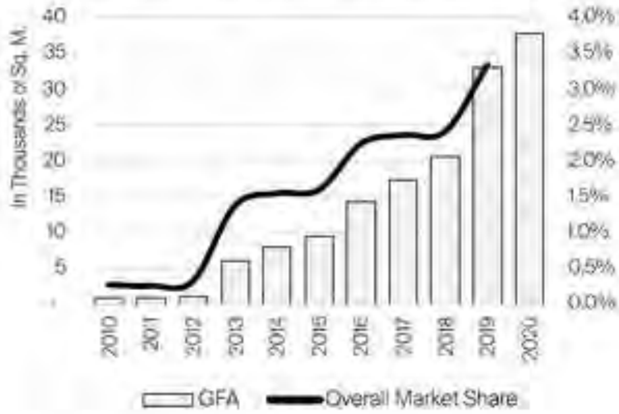
Developers may also pursue LEED, WELL and BERDE certifications for their existing and upcoming office spaces as future tenants may require certified office spaces for health and employee well-being purposes.

The implementation of ECQ has also caused delays in the upcoming office supply in Cebu. Originally at 260,000 sq.m., only 96,000 sq.m. of office space is seen viable to be operational within the year.

Even when the vaccine for COVID-19 is developed, physical distancing will continue to be practiced and become the new norm. As such, some companies may opt to continue implementing partial WFH scheme to limit the number of employees in their offices while others may find the WFH scheme to be effective in their business. Still, there may be other companies who will continue to fully implement WFH schemes and have their offices be filled only by a skeletal workforce. These arrangements may cause tenants to be more efficient in their office space utilization prompting them to lower their space requirements. As such, there is a possibility that the Cebu office market may have temporary surges in vacancy levels.

Companies who found WFH schemes to be ineffective for their businesses, however, would need additional office spaces capable of providing all the necessary office equipment at the soonest possible time to comply with the physical distancing mandate. This is where flexible and serviced offices can take advantage of as these spaces come with private rooms and, with few modifications, provide enough space allocation for every employee. Additionally, cautious tenants, in a bid to mitigate risks in these times of uncertainty, could find shelter in flexible and/or serviced offices.

FIGURE 2
Co-Working, Flexible & Serviced Office Space's Growth and their Overall Cebu Office Market Share



*2020 Figures cover only the months of January to March
Source: Santos Knight Frank Research

Although Co-Working office spaces would suffer from low occupancy levels due to its emphasis on “collaboration”, which is not allowed under the physical distancing mandate, these spaces may still be converted to flexible and/or serviced offices to generate more revenues. Other services, like the provision of virtual address for tenants, may be bolstered to secure more revenue streams.

Currently, there is an estimated gross floor area of around 38,000 sq.m. for Co-Working, Flexible and Serviced Offices in Metro Cebu. This figure has continuously been increasing and in 2019 recorded a 60.27% y-o-y growth. However, with the COVID-19 virus looming, it is likely that this growth would contract as businesses try to survive and adapt to the new normal.

The Opportunities in Outsourcing Business

Similar as to what happened after the 2008 Global Financial Crisis, the Philippines may come out to be a top viable investment option for BPO companies. The pandemic has caused huge economic damages to other countries as well. Similarly, some major cities have also implemented their own versions of ECQ to curb the spread of COVID-19. With such damages, these companies may look to cut costs by outsourcing some of their businesses here. As the metropolis already offers affordable office spaces and a high quality of talent pool proven by the sizeable BPO workforce residing here, Cebu has already proven that it has the necessary manpower and infrastructure to cater to such businesses.

Coping with the Changing Landscape

Santos Knight Frank recommends to both the landlords and the tenants to open a line of communication to come up with a “win-win” situation for both parties in reviewing their lease agreements and terms. The symbiotic relationship between the two should be fostered and both should work closely to accommodate each other’s needs.

With a possible gradual increase in vacancy levels after the lifting of ECQ, landlords should actively seek out to retain their largest tenants as these companies would be crucial in keeping their properties financially afloat. As some companies may find WFH schemes effective in their business, landlords would have to be creative enough in either providing rent relief measures and/or proposing the idea of flexible work spaces to keep tenants from moving out of their properties or lowering their space requirements.

BCPs are necessary for companies for them to navigate their businesses through the times of uncertainty. The experiences of companies from the past crises should be incorporated into consideration to improve BCPs. Utilizing technology to bolster company efficiency and employee productivity should also be continually enhanced.

The value of having facilities and property management services in office buildings can no longer be discounted. Their presence alone already radiates to tenants and other stakeholders that the property is well maintained. This should prove crucial now and in the coming months as companies would probably prefer well-kept office spaces for health and employee well-being reasons.

In these times of uncertainty, everyone is affected. Businesses, both tenants and landlords, will have to adapt to a new normal and do so quickly or face extinction. The COVID-19 pandemic has revealed to everyone just how vulnerable our industries are to external shocks. Nevertheless, this is not the first time the country has faced similar catastrophes nor will it be the last. The resiliency of the Philippine market will always prevail as it has done so in the past. We are all in this together and we will all get through it.

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;

- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**
In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot containing an area of 1,500 sq. m., more or less, located along Osmeña Boulevard, within Barangay Capitol Site, Cebu City, is currently being offered for sale at an asking price of PhP225,000,000 or about PhP150,000 per sq. m.
   Source: Filmore Amancia 0917-3350788
2. A commercial lot containing an area of 1,100 sq. m., more or less, located along Osmeña Boulevard near Cebu Doctors Hospital, within Barangay Capitol Site, Cebu City, is currently being offered for sale at an asking price of PhP176,000,000 or about PhP160,000 per sq. m.
   Source: Filmore Amancia 0917-3350788
3. A prime commercial lot containing an area of 1,100 sq. m., more or less, located along Osmeña Boulevard, beside Shell Service Station/ near JY Square Mall, within Barangay Sta. Cruz, Cebu City, is currently being offered for sale at an asking price of PhP187,000,000 or about PhP170,000 per sq.m.
   Source: Evelyn Loyzaga 0917-7065277

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP109,000 per sq.m.**, or a total of **PhP252,000,000** for a land area of **2,308.42 sq. m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	252,000,000	
Interest on Land Value			
PhP252,000,000 @ 4%	PhP	10,080,000	

Total	**PhP**	**10,080,000**	**per year**
		=========	
Or	**PhP**	**840,000**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP363.89 per sq. m. per month**, or a total of **PhP840,000 per month**, or say, **PhP10,080,000 per annum** for the subject land area of **2,308.42 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.).

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [10]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.2% (Discount Rate less Projected Long-term Growth Rate (3.0%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 98 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

ROBINSONS CYBERSCAPE CEBU			
Lease Details			
Lot Area	:	2,308.42	sq.m.
Term of Lease	:	98	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	363.89	/sq.m./ month
Annual Rent	:	10,080,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.20%	

Leasehold Value 4.21 On the basis of the foregoing, the leasehold value of the subject land may reasonably be estimated at **PhP195,000,000**.

We attach a copy of our valuation calculations at Appendix **5**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **9** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets.

This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate 4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
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7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium 4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: The Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Management & Liquidity Risk The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

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of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification Previous	Classification Current Prevailing	Notes
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139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Resulting Discount Rate

4.30 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.31 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions

4.32 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analyzed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and

services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. For this valuation exercise, we are assuming an average vacancy allowance of 1%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 17% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing

Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **6 & 7**.

Direct Capitalization Method

4.33 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.34 Using a single year's cashflow we estimated the Market Value of the Property using the Direct Capitalization Method. While we used the same 2022 projected cashflow from the DCF Analysis, CAPEX was not taken into consideration.

Valuation basis

Market Value

4.35 Market Value is defined in the 2019 **International Valuation Standards** as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.36 The valuation date is **30 June 2021**.

General Assumptions

Assumptions

4.37 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.38 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.39 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.40 We have adopted the gross floor area tabulation provided to us by the Client and have assumed this to be accurate.

4.41 We were not provided with a Lot Plan where Cybergate Cebu is erected. For purposes of this valuation, the land is assumed to be rectangular in shape.

4.42 The value of the improvement using cost approach is just an allocation of values as the subject 5th to 7th floors cannot technically be separated from the rest of the building.

4.43 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.44 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.45 Given the 98-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach	4.46	Using the **Cost Approach,** the Market Value of the Property, may be summarized as under.

Land (Leasehold Value)	PhP195,000,000
Designated Building Floors (5th to 7th)	156,000,000
Building Machinery & Equipment	90,741,000

TOTAL	**PhP441,741,000**
	============
ROUNDED TO	**PhP442,000,000**
	============

4.47 The Market Value of the Property is estimated at **PhP442,000,000 (FOUR HUNDRED FORTY-TWO MILLION PHILIPPINE PESOS).**

4.48 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP672,000,000**
Direct Capitalization Method	**PhP771,000,000**

Calculation 4.49 We attach a copy of our valuation calculations for the Income Approach at Appendix **6** and **7**.

Comments 4.50 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.51 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.52 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP672,000,000 (SIX HUNDRED SEVENTY-TWO MILLION PHILIPPINE PESOS).

Note*: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to*

COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

Value forwarded ……………………………….. PhP672,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533462 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: ROBINSONS LAND CORPORATION
21 September 2020

Our Ref: L20-0877-224-3R
Page 10 of 15

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. **Environmental issues**

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. **Minerals, timber, airspace etc.**

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. **Legal advice**

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. **Loan security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. **Build cost information**

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. **Reinstatement assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. **Comparable evidence**

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. **Valuation bases**

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

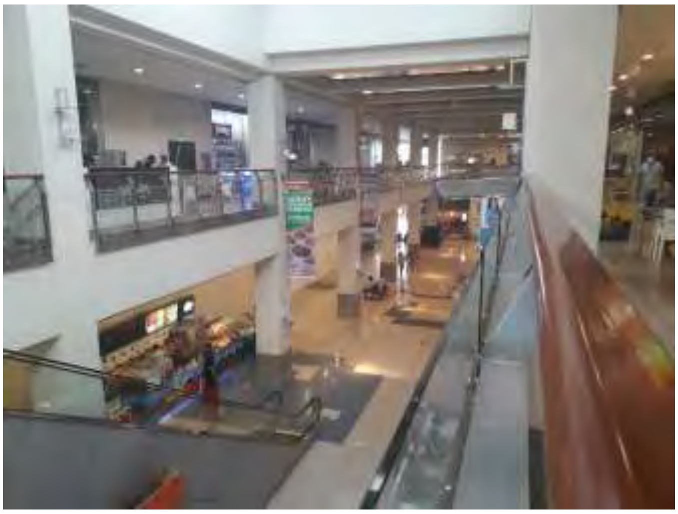
Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

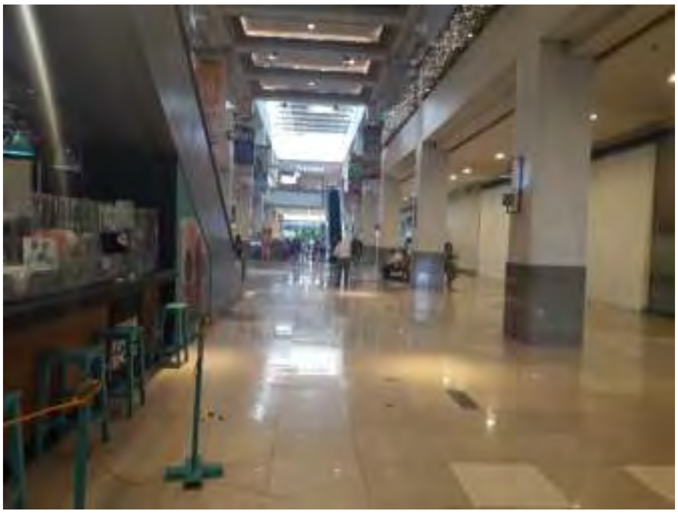
Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)

VARIOUS VIEWS OF THE BUILDING





Appendix 5 - Leasehold Value of the Land

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	6,656,798	465,976	2,540,712	2,074,736	0.966	2,003,279
2	January 01, 2022	December 31, 2022	26,649,366	1,865,456	10,382,400	8,516,944	0.901	7,671,275
3	January 01, 2023	December 31, 2023	27,125,696	1,898,799	10,693,872	8,795,073	0.840	7,389,727
4	January 01, 2024	December 31, 2024	27,614,515	1,933,016	11,014,688	9,081,672	0.784	7,118,033
5	January 01, 2025	December 31, 2025	28,127,775	1,968,944	11,345,129	9,376,185	0.731	6,855,285
6	January 01, 2026	December 31, 2026	30,384,913	2,126,944	11,685,483	9,558,539	0.682	6,519,227
7	January 01, 2027	December 31, 2027	31,614,324	2,213,003	12,036,047	9,823,045	0.636	6,249,653
8	January 01, 2028	December 31, 2028	32,905,204	2,303,364	12,397,129	10,093,764	0.593	5,990,570
9	January 01, 2029	December 31, 2029	34,550,465	2,418,533	12,769,042	10,350,510	0.554	5,730,361
10	January 01, 2030	December 31, 2030	36,259,798	2,538,186	13,152,114	10,613,928	0.516	5,481,527
11	January 01, 2031	September 30, 2031	28,476,359	1,993,345	10,132,172	8,138,827	0.490	3,990,279
12	January 01, 2032	December 31, 2032	39,976,427	2,798,350	13,953,077	11,154,728		
				Total Present Value of the Rental Gains				64,999,217
				Terminal Value of Leasehold Rights on the Land at Year 11				265,588,751
						Discounted at	0.490	130,212,022
						Total Value of Leasehold		195,211,239
								==========
						ROUNDED TO, say,		195,000,000
								==========

Appendix 6 - Valuation Calculation (Income Approach DCF)

PROPERTY NAME:	:	ROBINSONS CYBERGATE CEBU
PROPERTY ADDRESS:	:	Don Gil Garcia Street, Capitol Site, Cebu City
TOTAL LEASABLE AREA:	:	6,866.28 sq.m.
Total No. of Parking Slots	:	4

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	13,295,554	26,614,618	27,095,759	27,589,516	28,107,960	30,374,390	31,600,346	32,887,600	34,531,981	36,258,580	18,879,296	39,975,084
Parking Slots	68,096	135,082	135,082	135,082	135,082	148,590	156,019	163,820	172,011	172,011	89,564	189,642
Other Areas	84,426	168,852	168,852	168,852	168,852	168,852	177,295	186,159	195,467	195,467	101,777	215,503
Gross Leasing Revenues	13,448,076	26,918,552	27,399,693	27,893,450	28,411,894	30,691,831	31,933,660	33,237,580	34,899,459	36,626,058	19,070,637	40,380,229
Less: Vacancy Allowance	*134,481*	*269,186*	*273,997*	*278,934*	*284,119*	*306,918*	*319,337*	*332,376*	*348,995*	*366,261*	*190,706*	*403,802*
Net Leasing Revenues	13,313,595	26,649,366	27,125,696	27,614,515	28,127,775	30,384,913	31,614,324	32,905,204	34,550,465	36,259,798	18,879,930	39,976,427
Other Income												
Management Dues	6,266,144	12,430,123	12,430,123	12,430,123	12,430,123	13,051,629	13,051,629	13,051,629	13,051,629	13,051,629	6,472,178	13,051,629
Aircon Dues	1,410,448	2,797,899	2,797,899	2,797,899	2,797,899	2,937,794	2,937,794	2,937,794	2,937,794	2,937,794	1,529,665	3,084,684
NET REVENUES	20,990,187	41,877,388	42,353,718	42,842,537	43,355,797	46,374,336	47,603,747	48,894,628	50,539,888	52,249,221	26,881,773	56,112,740
OPERATING COSTS & EXPENSES												
Contracted Services	450,304	901,359	917,470	934,003	951,363	1,027,706	1,069,288	1,112,949	1,168,597	1,226,411	638,574	1,352,119
Repairs & Maintenance	425,801	852,311	867,546	883,179	899,594	971,783	1,011,103	1,052,388	1,105,008	1,159,676	603,826	1,278,543
Management Fee	396,499	793,659	807,845	822,402	837,688	904,909	941,523	979,967	1,028,965	1,079,872	562,273	1,190,559
Loss from CUSA												
Power Charges - net	31,120	62,291	63,404	64,547	65,747	71,023	73,896	76,914	80,759	84,755	44,131	93,442
Water Charges - net	16,024	32,075	32,649	33,237	33,855	36,572	38,051	39,605	41,585	43,643	22,724	48,116
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	13,223	26,468	26,941	27,427	27,936	30,178	31,399	32,681	34,315	36,013	18,751	39,704
Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-	-	-

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE CEBU
PROPERTY ADDRESS:	:	Don Gil Garcia Street, Capitol Site, Cebu City
TOTAL LEASABLE AREA:	:	6,866.28 sq.m.
Total No. of Parking Slots	:	4

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		313,605	625,671	632,788	640,091	647,760	692,858	711,226	730,513	755,094	780,632	401,629	838,355
Taxes & Licenses		*804,396*	*1,595,677*	*1,643,548*	*1,643,548*	*1,643,548*	1,643,548	1,692,854	1,692,854	1,692,854	1,692,854	864,654	1,743,640
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	-	150,532	-	312,311	-	175,557	-	383,689	-	104,885	-
Insurance Expense		112,213	223,875	226,421	229,035	231,778	247,915	254,488	261,389	270,184	279,322	143,709	299,977
Communication		8,670	17,296	17,493	17,695	17,907	19,154	19,662	20,195	20,874	21,580	11,103	23,176
Rent Expense		465,976	1,865,456	1,898,799	1,933,016	1,968,944	2,126,944	2,213,003	2,303,364	2,418,533	2,538,186	1,321,595	2,798,350
Supplies Expense		64,596	128,875	130,341	131,845	133,425	142,714	146,498	150,470	155,534	160,794	82,727	172,684
Travel & Transportation		20,911	41,719	42,193	42,680	43,192	46,199	47,423	48,709	50,348	52,051	26,780	55,900
Representation & Entertainment		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS & EXPENSES		3,123,338	7,166,733	7,457,969	7,402,705	7,815,047	7,961,502	8,425,971	8,501,999	9,206,340	9,155,790	4,847,361	9,934,565
NET OPERATING INCOME		17,866,850	34,710,655	34,895,749	35,439,832	35,540,749	38,412,834	39,177,775	40,392,628	41,333,548	43,093,430	22,034,412	46,178,175
CAPEX	1.50%	199,704	399,740	406,885	414,218	421,917	455,774	474,215	493,578	518,257	543,897	283,199	599,646
NOI after CAPEX		17,667,146	34,310,915	34,488,863	35,025,614	35,118,833	37,957,060	38,703,560	39,899,050	40,815,291	42,549,534	21,751,213	45,578,529
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		16,916,065	30,139,687	27,794,498	25,896,389	23,821,386	23,620,714	22,096,570	20,898,255	19,612,992	18,758,118	9,187,948	17,663,177
Total Present Worth of Cashflows		238,742,622											
Terminal Value of Property at 11Y	4.50%	1,026,181,669											
Discounted at	0.42	433,470,227											

TOTAL PROPERTY VALUE	672,212,849
Rounded to, say	672,000,000

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE CEBU
PROPERTY ADDRESS:	:	Don Gil Garcia Street, Capitol Site, Cebu City
TOTAL LEASABLE AREA:	:	6,866.28 sq.m.
Total No. of Parking Slots	:	4

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	26,614,618
Parking Slots	135,082
Gross Leasing Revenues	26,918,552
Less: Vacancy Allowance	269,186
Net Leasing Revenues	26,649,366
Other Income	
Management Dues	12,430,123
Aircon Dues	2,797,899
NET REVENUES	41,877,388
OPERATING COSTS & EXPENSES	
Contracted Services	901,359
Repairs & Maintenance	852,311
Management Fee	793,659
Loss from CUSA	-
Power Charges - net	62,291
Water Charges - net	32,075
Aircon Dues (Expense)	-
Others	26,468
Miscellaneous Expense	-
General and Administrative Expense	-
Salaries & Wages	625,671
Taxes & Licenses	1,595,677
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	223,875
Communication	17,296
Rent Expense	1,865,456
Supplies Expense	128,875
Travel & Transportation	41,719
Representation & Entertainment	-
TOTAL COSTS & EXPENSES	7,166,733
NET OPERATING INCOME	34,710,655
Capitlization Rate	4.5%

TOTAL PROPERTY VALUE	771,347,890
Rounded to, say	771,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Don Mariano Cui Road, Don Gil Garcia Street, and Don Julio Llorente Street, Barangay Capitol Site, Cebu City	Osmeña Boulevard, Barangay Capitol Site, Cebu City		Osmeña Boulevard, Barangay Capitol Site, Cebu City		Osmeña Boulevard, Barangay Sta. Cruz, Cebu City	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		225,000,000.00		176,000,000.00		187,000,000.00	
Size (sq. m.) - Land Area	2,308.42	1,500.00		1,100.00		1,100.00	
Price Per sq.m. (Unadjusted)		PHP 150,000.00		PHP 160,000.00		PHP 170,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			150,000.00		160,000.00		170,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-15%	Allowance	-15%	Allowance	-15%
Adjusted Price			127,500.00		136,000.00		144,500.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			127,500.00		136,000.00		144,500.00
PHYSICAL ADJUSTMENTS							
Location	Don Mariano Cui Road, Don Gil Garcia Street, and Don Julio Llorente Street, Barangay Capitol Site, Cebu City	Osmeña Boulevard, Barangay Capitol Site, Cebu City		Osmeña Boulevard, Barangay Capitol Site, Cebu City		Osmeña Boulevard, Barangay Sta. Cruz, Cebu City	
Comparison/Adjustment		superior	-5%	superior	-5%	superior	-5%
Topography	flat	flat		flat		flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size (in sq.m.)	2,308.42	1,500.00		1,100.00		1,100.00	
Comparison/Adjustment		superior	-5%	superior	-5%	superior	-5%
Shape	assumed rectangular	rectangular		rectangular		rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Amenities/Utilities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary road/corner	main thoroughfare		main thoroughfare		main thoroughfare	
Comparison/Adjustment		superior	-10%	superior	-10%	inferior	-10%
Zoning/Land Use	Commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			20.0%		20%		20%
Total Net Adjustments			-20%		-20%		-20%
Final Adjusted Price (Net Adjustment Basis)		102,000.00		108,800.00		115,600.00	
Weight		33.3%		33.3%		33.3%	
Weight Equivalent		34,000.00		36,266.67		38,533.33	
Value per sqm		108,800.00					
ROUNDED TO		109,000.00 per sq.m.					
Total Area		2,308.42 sq.m.					
INDICATED VALUE		252,000,000					

Appendix 9 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
Robinsons Cybergate Cebu (5th to 7th Floors) - As seen during our inspection for the previous valuation done, Robinsons Cybergate Cebu is a seven (7) - storey with three (3) basement levels and roof deck, reinforced concrete-framed building with glass curtain and concrete hollow block walls supplemented with ACP cladding, glass panel windows and tempered glass entrance doors. Its interior finishes consist of homogeneous ceramic and granite tiles flooring in hallways and common areas and plain cement and epoxy paint finish in basement parking levels and machine rooms; gypsum board with partly recess panel and acoustic ceiling; and hollow core, glass panel, steel louver and flush type doors. Reportedly, the building was completed sometime in June 2011. The first two floors are dedicated as mall/retail, while 3rd to 4th floor are clinics and wellness center. Following instructions from the client, these floors are excluded in this valuation. 5th to 7th floor, which is the subject of this valuation, are designated as offices and these are currently occupied by Accenture and Fusion, both are BPO companies. The entire building is provided with electrical lighting and plumbing facilities. Total gross floor area of the 5th to 7th floors is about 6,921.84 sq. m.	
	156,000,000 ---------------------
Note: The value indicated is just an allocation as the subject 5th to 7th floors cannot technically be separated from the rest of the building.	

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)
Elevators and Elevators	
Passenger Elevator No. 1-	
Hyundai Elevators, 7-stops, 1350 kgs capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories *Note:Unit used also as Service Elevator, and serving: B1; G; Levels 3, 4, 5, 6 and 7*	2,408,000
Passenger Elevator No. 2-	
Hyundai Elevators, 6-stops, 1350 kgs capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories *Note:Unit Serving temporarily: B1; B2; Levels, 5, 6 and 7)*	2,065,000
Passenger Elevator No. 3-	
Hyundai Elevators, 8-stops, 1350 kgs capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories *Note: Unit Serving temporarily: B1; B2; Levels, 5, 6 and 7)*	2,753,000
2-Passenger Elevators (Nos. 4 & 5)-	
Hyundai Elevators, 6-stops, 900 kgs capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories *Note: Unit Serving: B2; B1; G; Levels, 2, 3 and 4*	2,753,000
Passenger Elevator No.6-	
Hyundai Elevators, 6-stops, 900 kgs capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories	

Note: Unit Serving: B2; B1; Grd; Levels, 2, 3 and 4	1,376,000

Freight/Service Elevator-

Hyundai Elevators, 3-stops, 800 kgs, 20 persons capacity, 1.75 m/sec speed, complete drive motor, 220 volts, 3-phase, 60 hz, with governor, elevator controller, elevator cage, electrical wirings, limit switches and other standard accessories	612,000

2-Escalators-

Hyundai, Type W-1200, approx.1014 mm. Step width, 30 meters /min speed, 9000 persons/hr, driven by a necessary electric gear motor, 3-phase, 208-600v, 60 hz., complete with standard mechanical and electrical installation and accessories	2,699,000

Total for Elevators and Escalators -	**14,666,000**

Lot-Centralized Air Conditioning and Ventilating System -
consisting of:

Package Water Chiller System-

Approximately 250 TR total capacity consisting of:

2-Water Chillers-

ChongQing Midea, Model LSBLG 460/M1, Product Nos. C012094188260001 & C012094188260002, 125 TR capacity each, screw water chiller type, driven by 472 kw, 380 volts, 3 phase, 60hz, complete with other standard accessories

2-Chilled Water Pumps -

Ajax-Elite Pumps, centrifugal type, 1180.92 LPM capacity, driven by 11.2 kw electric motor, mounted on concrete foundation

2-Conderser Water Pump -

Ajax-Elite Pumps, centrifugal type, 1476.15 LPM capacity, driven by 11.2 kw electric motor, mounted on concrete foundation

2-Cooling Towers -

No available brand, 1476.15 LPM, 893,126 KCAL/HR,induced draft cross flow type, single cell, multi-bladed fan driven by electric motor, complete controls and other associated attachment, mounted on concrete basin

2-Air Handling Units-

Siukonda, finned tube horizontal draw blast cabinet type, 50 TR capacity with blower driven by electric motor, complete with controls and standard accessories

Air Handling Unit-

Siukonda, finned tube horizontal draw blast cabinet type, 40 TR capacity with blower driven by electric motor, complete with controls and standard accessories

Air Handling Unit-

Siukonda, finned tube horizontal draw blast cabinet type, 30 TR capacity with blower driven by electric motor, complete with controls and standard accessories

Air Handling Unit-

Siukonda, finned tube horizontal draw blast cabinet type, 25 TR capacity with blower driven by electric motor, complete with controls and standard accessories

Air Handling Unit-

Siukonda, finned tube horizontal draw blast cabinet type, 20 TR capacity with blower driven by electric motor, complete with controls and standard accessories

Fan Coil Unit-

Ceiling concealed free blow type, 36 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

2-Fan Coil Units-

Ceiling concealed free blow type, 7.5 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Fan Coil Unit-

Ceiling concealed free blow type, 4.5 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Fan Coil Unit-

Ceiling concealed free blow type, 2.5 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Fan Coil Unit-

Ceiling concealed free blow type, 2 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Fan Coil Unit-

Ceiling concealed free blow type, 1.5 TR cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Varriable Refrigerant Flow System(VRF)-

Serves 3rd to 7th floor, consisting of:

26-Aircooled Condinsing Units(ACCU)-

Multi -split type, each 77, 400 Kcal/hr cooling capacity

26-77,400 kcal/hr capacity

105-Fan Coil Units-

Cassette type, 4-way, 10,000 Kcal/hr cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

120-Fan Coil Units-

Cassette type, 4-way, 6,300 Kcal/hr cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

5-Fan Coil Units-

Cassette type, 4-way, 5,000 Kcal/hr cooling capacity, condenser fan driven by electric motor, complete with other standard accessories

Air Ventilation and Exhaust System-

Consisting of:

6-Basement Exhaust Fan (BEF-1)-

41,650 CMH capacity, 1050 mm propeller dia., with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

6-Basement Supply Fan (BSF-1)-

41,650 CMH capacity, 1050 mm propeller dia., with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

4-Air Supply Fan (SF-1)-

7,650 CMH capacity, 550 mm propeller dia., with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

2-Air Exshaust Fan (EF-1)-

15,350 CMH capacity, with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

Air Exshaust Fan (EF-2)-

8,500 CMH capacity, with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

Other Ventillating Fans-

consisting of:-

7-TEF-1 &1A-

2,210 CMH capacity, centrifugal type with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

2- PF-1-

25,500 CMH capacity, centrifugal type with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

24-TF-1-

2,000 CMH capacity, box type triple jet nozzle, driven by electric motor, complete with controls and air ducting

2-KSF-1-

40,800 CMH capacity, centrifugal type with suction filter, 927 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

KSF-2-

27,200 CMH capacity, centrifugal type with suction filter, 762 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

2-KSF-3-

20,400 CMH capacity, centrifugal type with suction filter, 622 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

KSF-4-

47,600 CMH capacity, centrifugal type with suction filter, 927 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

KEF-1-

20,400 CMH capacity, centrifugal type with suction filter, 838 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

KEF-2-

27,200 CMH capacity, centrifugal type with suction filter, 1016 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

KEF-3-

47,600 CMH capacity, centrifugal type with suction filter, 1376 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

2-KEF-4-

40,800 CMH capacity, centrifugal type with suction filter, 1376 mm dia casing, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

GEF-1-

2,040 CMH capacity, centrifugal cabinet type with suction filter, galvanized steel construction housing, driven by electric motor, complete with controls and air ducting

2-Pressurization Blowers- (PF-1 & PF-2)

Niagara, 25,500 CMH capacity, driven by 7.5 kw electric motor, complete with ductings

System complete with insulated ductings, air ductings, electrical installations, piping connections, controls and other standard accessories **47,618,000**

Lot-Standby Power Supply and Electrical Distribution System-

Consisting of:

2-Standby AC Electric Generator Sets -

Stamford-Baifa Power, 1000 kva(800 kw) rated capacity each, 0.80 power factor, powered by:

12 Cylinder Diesel Engine -

Cummins, 'V'type, radiator-cooled, skid mounted with battery, mounted on concrete foundation

Control Panel -

Metal clad casement, free standing, multiple vertical sections, complete manual transfer switches, main and sub-breakers, magnetic contactors, relays, wattmeters, volmeters, pilot lights, on/off swithes, push button switches, and other standard accessories

Generating sets complete with 2-1,500 L day tanks, 1-18,000 L mother fuel tank and 2-1.12 kw fuel transfer pumps and other standard attachements

2-Power Transformers -

SGB, 1 MVA capacity each, 3 phase, 60 hz, equipped with cooling units and other accessories

Low Voltage Switchgear-

Fuji-Haya Electric, Dry type, Metal clad enclosure, free standing, 440 volts primary/230 volts secondary, 3 phase, 4W, 60h, complete with main and sub-breakers,system complete with on/off switches, magnetic relays. pilot lights, push button switches, wiring installations and other standard accessories

Medium Voltage Switchgear-

Fuji Haya Electric, dry type, Metal clad enclosure, free standing, 24kv, 3 phase, 4W, 60h, complete with main and sub-breakers,system complete with on/off switches, magnetic relays. pilot lights, push button switches, wiring installations and other standard accessories

System complete with radiator motor, wirings, panel boards, mechanical and electrical installation and associated other equipment and accessories.	**16,095,000**
Rooftop Array Photovoltaic (PV) Solar Panel System- Grid Type, comprising of:	
(180) PV Modules- No available brand, 320 watts per panel, poly silver frame panel, 57.6 KW total installed DC capacity, fixed array type on building rooftop, on steel frame mounting screwed and bolted, complete with 2 PV Inverters, 2-DC Combiners, Communication Box, 1-PV ACDB Panel, wiring installations and other standard accessories	**3,396,000**
Lot-Fire Fighting and Fire Protection and Alarm System - Consisting of: Fire Pump (FP-1) -	
Fairbanks Morse, Type 1822CP, 1000 gpm capacity, centrifugal horizontal split case type, multi stage, driven by 112 kw electric motor, 3560 rpm, complete with fire pump cotroller and piping connections Jockey Pump (JP-1) -	
Centrifugal horizontal split case type, 40 GPM capacity, driven by 7.5 kw electric motor, 440 volts, 3 phase, complete with jockey pump controller and piping connections 38-Fire Hose Cabinets- Aluminum frame witg swing-out glass door, complete with hose and nozzles	
88-Fire Extinguishers- Of various types and capacities 1,218-Automatic Sprinkler Heads - Upright, side and pendant types,	
Complete with FDAS, fire alarm control panel, fire suit, pair of boots and helmets, piping installations and other acccessories	**4,815,000**
Lot-Potable Water Supply and Sewerage Evacuation System - Consisting of: Transfer Pump Set-	
Triplex type, 100 gpm capacity, constant pressure pump, horizontal split case equipped with 3 - 11.2 kw drive motors, controls and other standard accessories Transfer Pump Set-	

Duplex type, 165 gpm capacity, pheripheral end suction equipped with 2 - 7.5 kw drive motors, controls and other standard accessories	
Booster Pumps-	
Duplex Type, 80 gpm capacity, horizontal split case equipped with 2 - 3.73 kw drive motors and other standard accessories	
2-Overhead Water Storage Tanks-	
Fiberglass construction, 4 m x 2 m x 2 m overall dimension	
Sewerage Treatment Plant-	
Approximately 120 m3/day design capacity @ an average of 70 m3/day treated water flowrate capacity, system complete with 2-11.2 kw aeration blowers, 2-3.73 kw effluent pumps, 2-2.24 kw influent pumps, 1-7.5 kw decanter, equalization tank, aeration tank, final sludge digester tank controls and other standard accessories	
System complete with control panel boards, piping installations, valves, fittings and other associated equipment and standard accessories for normal operations.	**2,577,000**
Lot-CCTV Security Monitoring System -	
Consisting of:	
96-CCTV Cameras-	
Fixed /Roving types	
6-DVR's;	
4-Flat Screen TV Monitors -	
19" sreen size	
2-Flat Screens TV Monitors-	
Panosonic, 32" screen size	
System complete with 3 - 1100VA UPS, 8 - 1200W AVR, wiring connections and other standard accessories	
Note:CCTV Cameras installed at various strategic locations	**1,574,000**

Total for Building Machinery & Equipment -	**90,741,000**
	=========

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

PABLO D. ACEBO

Appraiser

T 632.752.2580

F 632.752.2571

Pablo.Acebo@santos.knightfrank.ph

Pablo D. Acebo is an Appraiser of Santos Knight Frank under the Valuations Group.

Prior to joining Santos Knight Frank, Mr. Acebo was involved with Valencia Appraisal Corporation. He started there as a staff appraiser sometime in 1991 and he held the position of Senior Appraiser – Real Estate Division. Through the years, he has gained vast experience in real estate valuation. During his more than 20 years experience in his field, he had been involved in property valuation concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Architecture, Saint Louis University, Tuguegarao City

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

CYBERGATE NAGA -
Robinson's Place Naga
Barangay Triangulo
Naga City, Camarines Sur

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Robinsons Place Naga, Barangay Triangulo, Naga City, Camarines Sur, Philippines.		
Description	The valuation comprises land (leasehold), building (portion of the ground and 3rd floor, and 4th and 5th floors only), and building machinery & equipment of a property identified as Cybergate Naga, a PEZA registered, Grade B office building, located at the southwest side of Robinsons Place Naga Road, about 110 meters southeast from the entrance along Roxas Avenue (Diversion Road), some 1.20 kilometers southwest from Panganiban Avenue.		
Land Area	3,014.80 sq.m.		
Gross Floor Area	6,228.58 sq.m.	**Gross Leasable Area**	6,069.51 sq.m.
Occupancy	100%	**WALE**	2.23 years
Ave. Lease Rate	PhP454/ sq.m/ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Building and building machinery & equipment - Freehold Land - Leasehold (99 years)		
MARKET VALUE (Income Approach)	**PhP687,000,000** **SIX HUNDRED EIGHTY-SEVEN MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	16 July 2021		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information were obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Pablo D. Acebo
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Cost and Income Approaches of that certain Property consisting of leasehold of land, building (portion of the ground and 3rd floor, and 4th and 5th floors only), and building machinery & equipment of a site identified as "Cybergate Naga", **within Robinsons Place Naga, Barangay Triangulo, Naga City, Camarines Sur, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix 3.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purposes for which are stated herein, and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purposes which are stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Raymond F. Dechavez** and **Pablo D. Acebo** under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
Investigations	1.18	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided 1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- Tax Declarations
- Typical Floor Plan
- Site Development Plan
- Floor Area Tabulation
- Rent roll
- Financial statements
- Projections
- Historical and current occupancy

Valuation bases

1.20 In accordance with your instructions, we have provided an opinion of value on the following bases:

Market Value (MV) 1.21 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date 1.22 The valuation date is **30 June 2021.**

2 The Property

Location

Address

2.1 The Property, identified as Cybergate Naga, is located within Robinsons Place Naga, Barangay Triangulo, Naga City, Camarines Sur, Philippines.

The site is approximately 110 meters southeast from the entrance along Roxas Avenue (Diversion Road), some 200 meters southwest from Almeda Highway, about 1.20 kilometers southwest from Panganiban Avenue and approximately 2.0 kilometers southwest from Naga City Hall.

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Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood 2.3 The property is situated within in an area where land utilization is for an intermix of residential and commercial purposes.

Some of the significant developments in the area include –Bangko Sentral ng Pilipinas – Naga City Branch, NICC Doctor's Hospital, Naga City Subdivision, ALDP Plaza Mall, and M. Plaza, amongst others.

Accessibility 2.4 The Property is easily accessible from the rest of Cebu City thru Roxas Avenue (Diversion Road). Public Transportation such as jeepneys and tricycle are readily available along the aforesaid road.

Other community centers like post office, churches, hospitals, and public and private schools are likewise accessible from the Property.

Land Details

Certificates of Title 2.5 Based on documents furnished us, the land where Cybergate Naga is erected consists of two (2) adjoining lots having a total area of **14,089 sq.m.**, more or less, technically identified as under:

Lot No.	TCT No.	Area (Sq. m.)
Lot 1126-C-4-A, PSD-269369	086-2014002588	4,000
Lot 1126-D, PSD-68254	T-146-2013005314	10,089
	TOTAL	**14,089**

2.6 The above Transfer Certificates of Title were issued in favor of **the Client** on September 10, 2014 by the Registry of Deeds for Naga City.

Lot Area Allocation 2.7 The land is shared by another building identified as Robinsons Place Naga, which is not covered by this valuation. Based on information provided to us by the Client, land area allocated for Cybergate Naga is about **3,014.80 sq. m.**

Draft Contract of Lease 2.8 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation) [1], as the Lessee.

Based on the same document, the lease contract stated that it will cover the land being occupied by Robinsons Cybergate Naga with an area of 3,014.80 sq.m. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from the office floors of Robinsons Cybergate Naga which is owned by the Lessee (plus VAT, as appliable).

2.9 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the land.

Tenure 2.10 For purposes of this engagement, ownership rights to the land is treated as **leasehold.**

Terrain 2.11 The terrain of the land is flat. Its finished elevation is slightly higher than the existing grade of the fronting roads.

Description of Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.12 The land is presently improved with an office building identified as Cybergate Naga, a PEZA registered, Grade B office building, construction of which was completed sometime in January 2018. Following instructions from the Client, this report covers only a portion of the ground and 3rd floor, and 4th and 5th floors. Also included in this valuation are the appurtenant Machinery & Equipment. These are all described in detail in the Schedule of Assets (Appendix **11**).

Tenure 2.13 We were advised that the Client owns the improvements described above. As stated, the land would be covered by a long-term Lease Agreement. We have, however, treated the improvements as freehold.

Accommodation

Measurement 2.14 Based on the documents furnished us, Cybergate Naga has a total gross floor area of about 6,228.58 sq.m.

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[1] As of the date of this Valuation Report, application for the change in name from “Robinsons Realty and Management Corporation” to “RL Commercial REIT, Inc.” is pending the approval of the Philippine SEC.

2.15 The floor area of Cybergate Naga, are tabulated as follows:

Cybergate Naga	Area (sq.m.)
Ground Floor	124.06
Third Floor	428.70
Fourth Floor	3,008.96
Fifth Floor	2,666.86

Total	**6,228.58**

Condition

Scope of Inspection

2.16 As stated earlier, we have previously inspected the Property.

2.17 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.18 We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible area/s. We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair.

2.19 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided us.

2.20 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.21 In the Schedule of Assets or Asset Inventory, machinery and/or equipment were listed as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.22 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.23 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.24 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

2.25 We have further assumed for the valuation that the ground condition will not have significant adverse impact to the development cost as well as the development period which may result in difference in site value.

Services

2.26 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

2.27 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.28 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract	
		Start	End
Tenant 1	395.41	23-Oct-17	22-Sep-23
	3,006.55	23-Oct-17	22-Sep-23
	2,667.55	16-Jan-18	22-Sep-23

2.29 Based on the rent roll provided, total leasable area is **6,069.51** sq.m. available for lease. It is currently being occupied by a single tenant involved in the BPO industry.

2.30 As of 30 June 2021, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 2.23 years. All leases are expected to expire by 2023.

2.31 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the walls frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may effect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.32 Roxas Avenue is about 20 meters wide, concrete/asphalt-paved and provided with concrete curbs and gutters, and underground drainage system.

2.33 Our informal enquiries with the City Planning Office confirmed that the Property enjoys frontage along the bounding roads.

Access

2.34 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the adopted highways and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.35 From our enquiries with the City Planning Office, and also due to its terrain, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.36 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.37 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

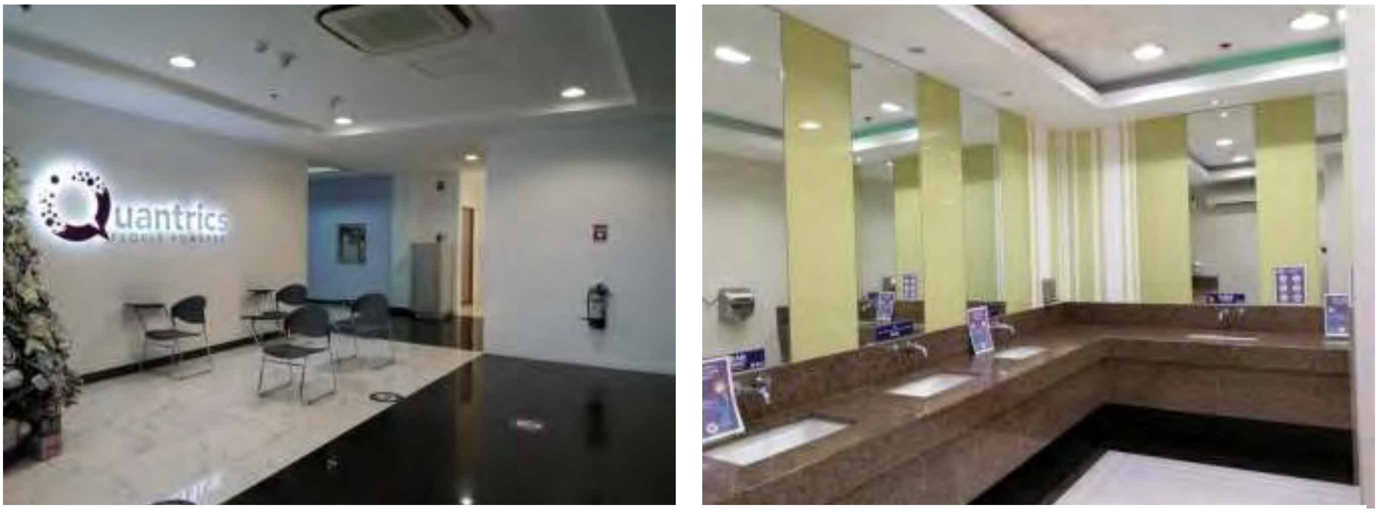
2.38 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.39 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)

Exterior Views of the Property



Interior Views of the Property

Machinery and Equipment

2.40 Other photographs of the Property are attached at Appendix **6**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

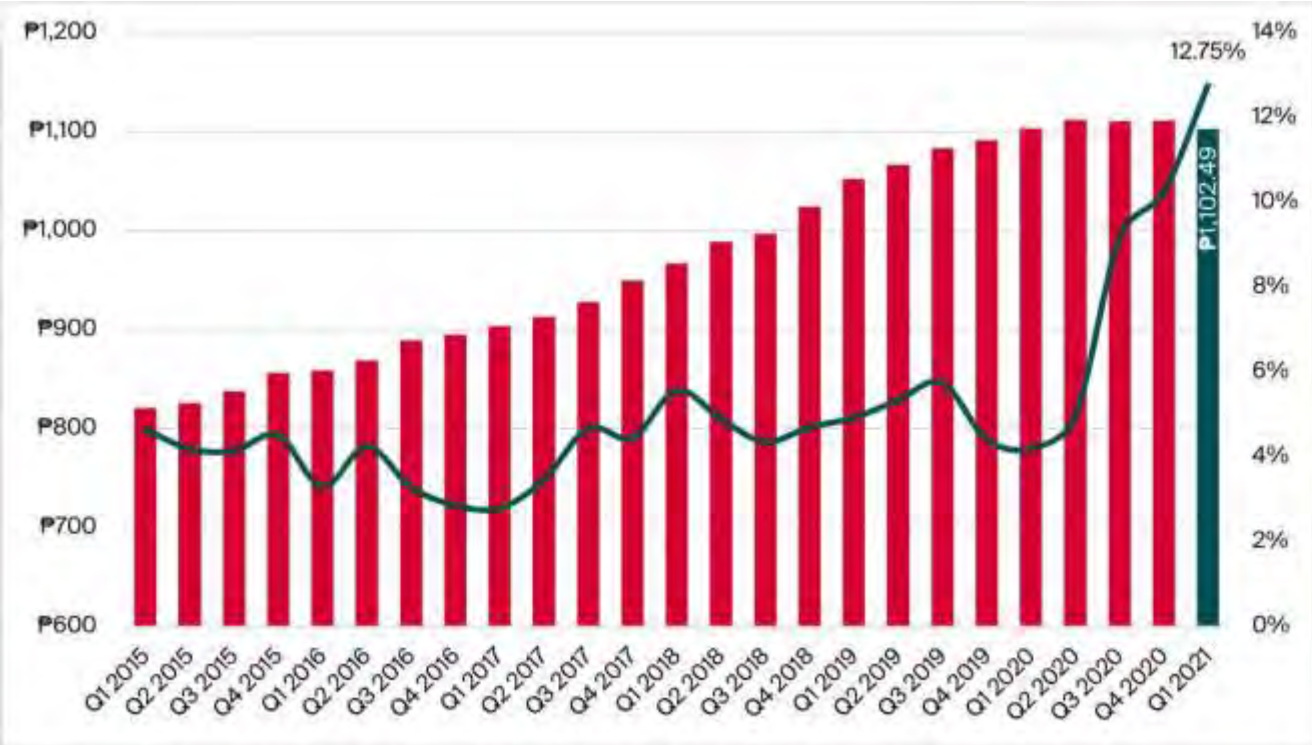
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

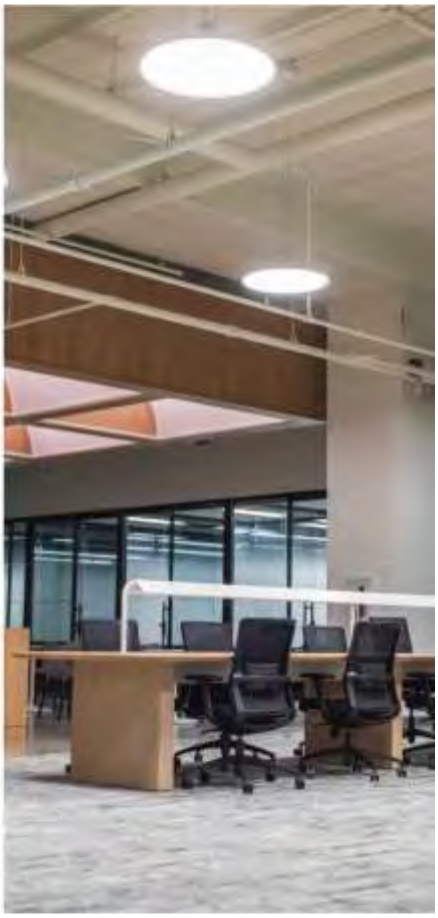
Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook



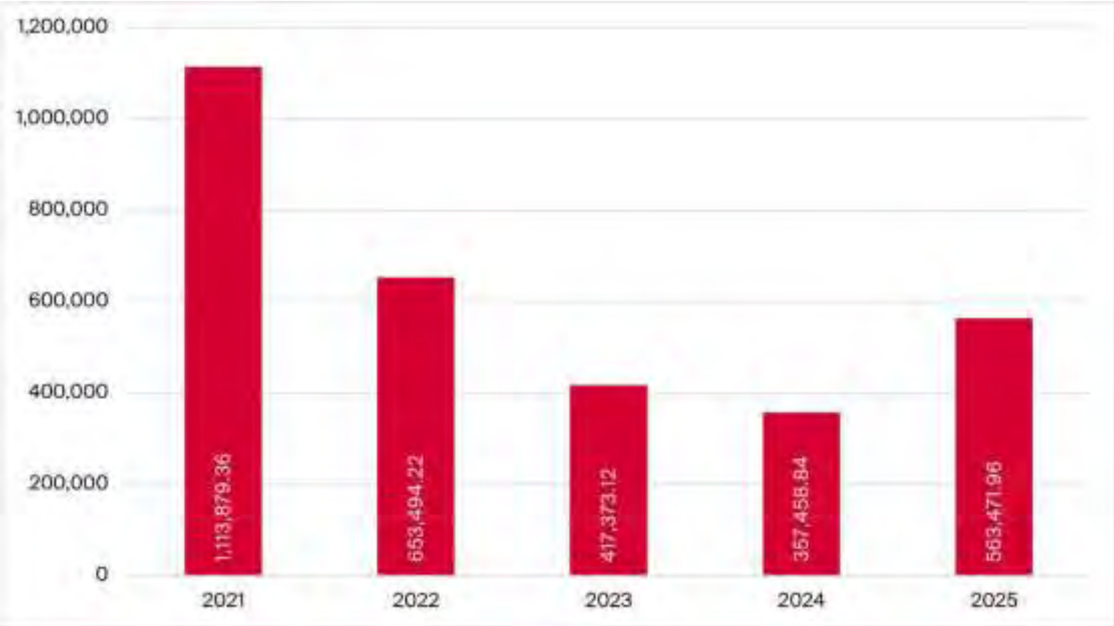
The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, fair value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 Due to the nature of the Property and the purpose of this appraisal, both the Cost Approach and Income Approach to value are deemed the most appropriate to use and the Market (or Direct Sales Comparison) Approach was not used.

Cost Approach

4.3 The Cost Approach generally involves the following steps:

A. The value of the subject land is normally estimated by the Market or Sales Comparison Approach. In instances where the land is covered by a Lease Agreement, the value of the leased fee or leasehold rights on the subject land, whichever is applicable, is instead estimated.

B. The depreciated cost of the subject improvement is estimated by calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources, and adding the indirect costs attributed to the improvement.

Combining the estimates shown above results in the indicated value of the Property by the Cost Approach.

4.4 **On Land (Leasehold)**

As mentioned, the land subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The Client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject land.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased property;

- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11th year rental gain is used to estimate the terminal value of the Leasehold Rights on the Land;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, another purpose of this report is to express an opinion of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use. The amount of annual or monthly rental, which the subject property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmarks; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or landowners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analyzed, compared, and adjusted to provide a value

indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analyzed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot having a total area of 800 sq.m. located along Jacob Street, within Barangay Penafrancia, Naga City, is currently offered for sale at an asking price of PhP14,900,000 or about PhP18,625 per sq.m.
   Source: Ms. Gianne Orillosa (Cel. No. 0917-684-0138)
2. A commercial lot having a total area of 500 sq.m. located along Almeda Highway, within Barangay Dalipay, Naga City, is currently offered for sale at an asking price of PhP8,600,000 or about PhP17,200 per sq.m.
   Source: Mr. Ed (Cel. No. 0930-017-1315)
3. A commercial lot having a total area of 30,421 sq.m., located along Barangay Road, within Barangay Bagumbayan Sur, Naga City, adjacent to future site of SM City 2, is currently offered for sale at an asking price of PhP365,052,000 or about PhP12,000 per sq.m.
   Source: Mr. Facundo Roco (Cel. No. 0917-827-0601)

Summary of Adjustments

The Data Comparison Grid shown on Appendix **10** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land 4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP18,100 per sq.m.**, or a total of **PhP54,600,000** for a land area of **3,014.80 sq.m.**

Rate of Return 4.13 The value of the land having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or landowners would expect in ground leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with land owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial land lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4%.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

Land Value	PhP	54,600,000	
Interest on Land Value			
PhP54,600,000 @ 4%	PhP	2,184,000	

Total	**PhP**	**2,184,000**	**per year**
		=========	
Or	**PhP**	**182,000**	**per month**
		=======	

Market Rent of the Land 4.14 On the basis of the foregoing, the Market Rent of the land is estimated at **PhP60.37 per sq. m. per month**, or a total of **PhP182,000 per month**, or say, **PhP2,184,000 per annum** for the subject land area of **3,014.80 sq. m.**

Rental Gain 4.15 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate 4.16 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 7.1665%, or say, 7.20% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and

additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic.)

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

4.17 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3%. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Capitalization Rate 4.18 Capitalization rate adopted to arrive at the terminal value is 4.7% (Discount Rate less Projected Long-term Growth Rate (2.5%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast

period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease 4.19 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions 4.20 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERGATE NAGA			
Lease Details			
Lot Area	:	3,014.80	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	60.37	/sq.m./ month
Annual Rent	:	2,184,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Additional Risk		0.25	risk premium for unidentifiable risk factors
		7.17	
Resulting Discount Rate, say		7.20%	
Terminal Capitalization Rate		4.70%	

Leasehold Value 4.21 On the basis of the foregoing, the subject land was estimated to have no leasehold value.

We attach a copy of our valuation calculations at Appendix **7**.

4.22 **On Leasehold Improvements and Machinery & Equipment**

The estimate of the leasehold improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets. The remaining lease period was likewise considered in arriving at the value of the leasehold improvements.

Appendix **11** contains the Schedule of Assets describing in detail these assets.

Income Approach

Definition 4.23 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash

flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis

4.24 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.25 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate

4.26 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.27 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.28 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 -

the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
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3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.29 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [10]	Classification Previous	Classification Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories:

Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate

4.30 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.31 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 5%.

Key Financial Assumptions

4.32 We relied on the historical and projected assumptions brought about by our research and as provided by the Client. These financials were analyzed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and will run for a period of 10 years.

ii. The revenues come from the rental of office units. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the Client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day to day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 100% while the historical average performance of the Property for the last two years is at 100%. For this valuation exercise, we did not assume any vacancy assumption for this Property.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 24% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 5%.

The Discounted Cashflow showing the estimated Market Value of the subject property is attached as Appendix **8.**

Direct Capitalization Method

4.33 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.34 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 5%.

Valuation basis

Market Value

4.35 Market Value is defined in the 2019 **International Valuation Standards** as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.36 The valuation date is **30 June 2021**.

General Assumptions

Assumptions

4.37 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions

4.38 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have accepted advice given to us on such matters as legal titles, "as-built" plans, building uses and other relevant matters. We were advised by the Client that no material facts have been omitted from the information provided.

4.39 We have assumed that the title of the Property is clean and free of any liens and encumbrances.

Special Assumption

4.40 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.41 We have excluded the units' fit-outs as these are reportedly introduced by the tenants.

4.42 We have adopted the floor area details provided to us by the Client and have assumed these to be accurate.

4.43 The value of the improvement using cost approach is just an allocation as the subject ground (portion), 3rd (portion), 4th and 5th floors cannot technically be separated from the rest of the building.

4.44 Our valuation of Machinery & Equipment has also undertaken the following special assumptions:

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.45 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.46 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the land. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Using Cost Approach

4.47 Using the **Cost Approach,** the Market Value of the Property, may be summarized as under

Land (Leasehold Value)	N/A
Designated Building Floors (Ground (portion), 3rd (portion), 4th and 5th)	180,756,000
Building Machinery & Equipment	51,853,000

TOTAL	**232,429,000**
	===========
ROUNDED TO	**232,000,000**
	===========

4.48 The Market Value of the Property is estimated at **PhP232,000,000 (TWO HUNDRED THIRTY-TWO MILLION PHILIPPINE PESOS).**

Using Income Approach

4.49 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP687,000,000**
Direct Capitalization Method	**PhP720,000,000**

Calculation

4.50 We attach a copy of our valuation calculations for the Income Approach at Appendix **8 & 9**.

Comments

4.51 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.52 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value

4.53 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP687,000,000 (SIX HUNDRED EIGHTY-SEVEN MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded PhP687,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	Santos Knight Frank uses any one or a combination of the Market Data Approach, the Cost Approach, and the Income Capitalization Approach. Each methodology begins with a set of assumptions. The result is the best estimate of value Santos Knight Frank can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions. These primary methodologies use market derived assumptions, including rents, yields and discount rates, obtained from analyzed transactions. We do not represent ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. **Electronic Communication**

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. **Acceptance**

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,	Approved and Agreed to by:
SANTOS KNIGHT FRANK, INC.	**ROBINSONS LAND CORPORATION**
By:	By:
MABEL V. LUNA, CFC®	**MR. FREDERICK D. GO**
Director & Head of Valuations	President & Chief Executive Officer
Mabel.Luna@santos.knightfrank.ph	
M (63-917) 865 3712	

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**
21 September 2020

Our Ref: L20-0877-2020R
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A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
   Our Valuation of 14 Properties will be as follows:
   1. Valuation for 4 Properties
   2. Periodic Update of 14 Properties
      Under REIT Company (Quarterly basis – optional)
   3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ____________________

Noted by:

CELIA N. ROCAMORA
Operations Director

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a long-term franchise partnership, with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our Professional Indemnity Insurance may be provided upon receipt of request..

1.6. Santos Knight Frank, Inc., being a corporate entity, is regulated by the Securities and Exchange Commission (SEC), and in accordance with our reportorial requirements with them, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with law.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to the level of our fee as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set-out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purposes. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purposes, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purposes, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the United Kingdom and the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causes beyond its reasonable control.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4%, subject to modification by our Accounting Department.

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering

We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios

Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches

We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens

We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities

No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information

We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including building, fire and sanitary regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues
24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.
Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice
26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security
Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information
In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments
A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for

guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence
Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases
Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

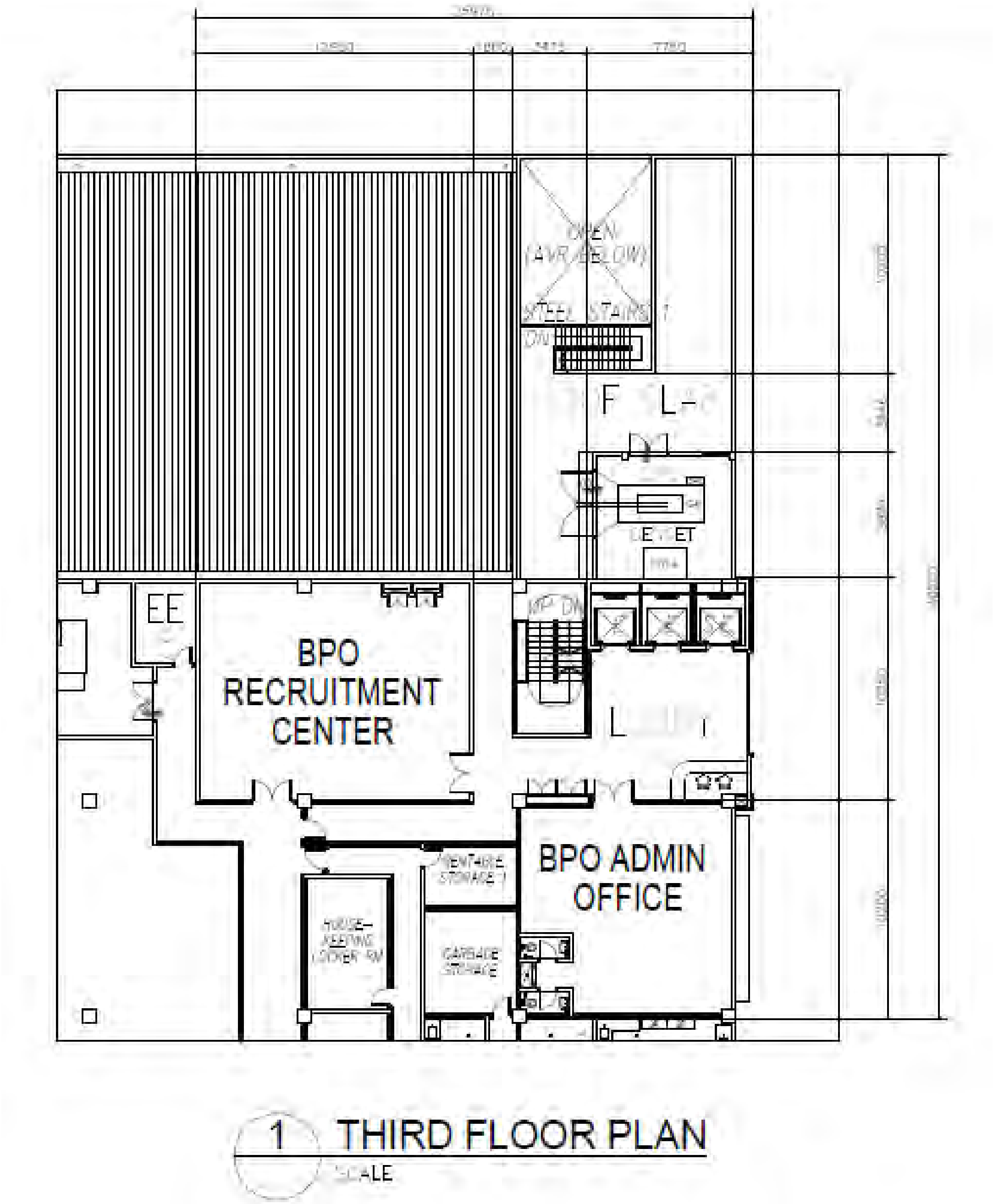
Important Notice

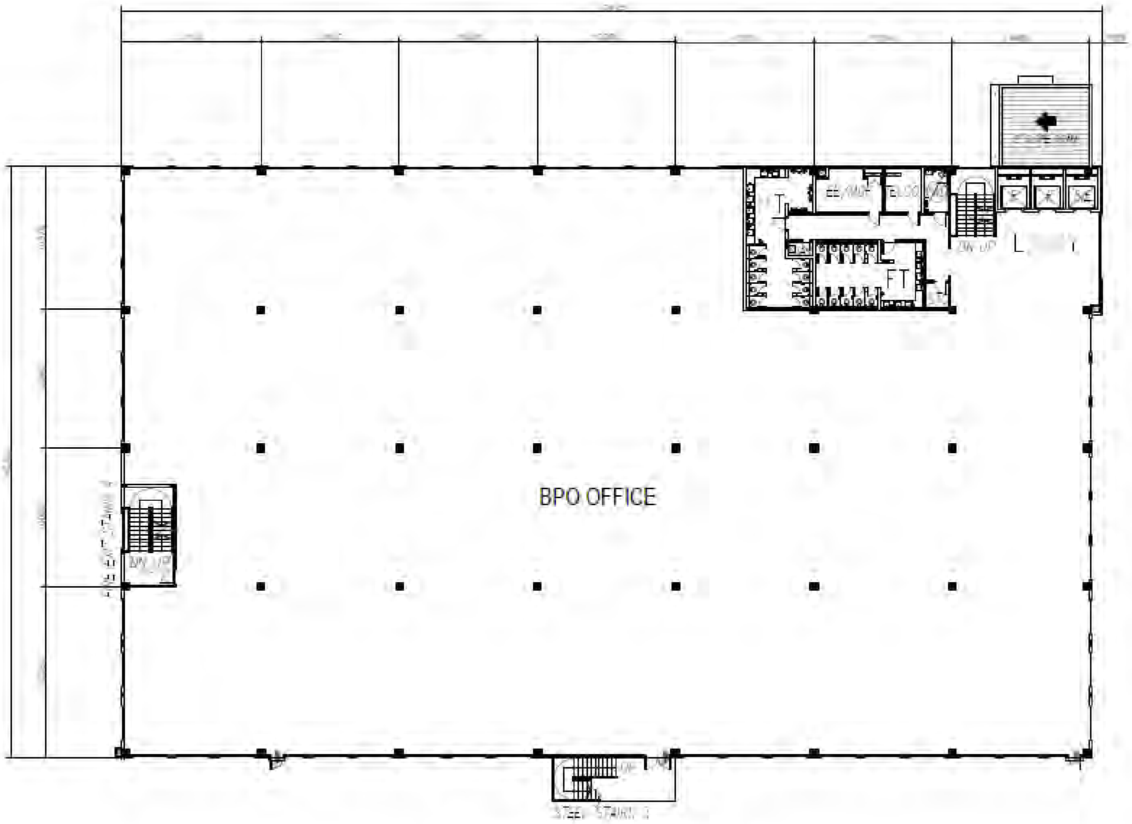
If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

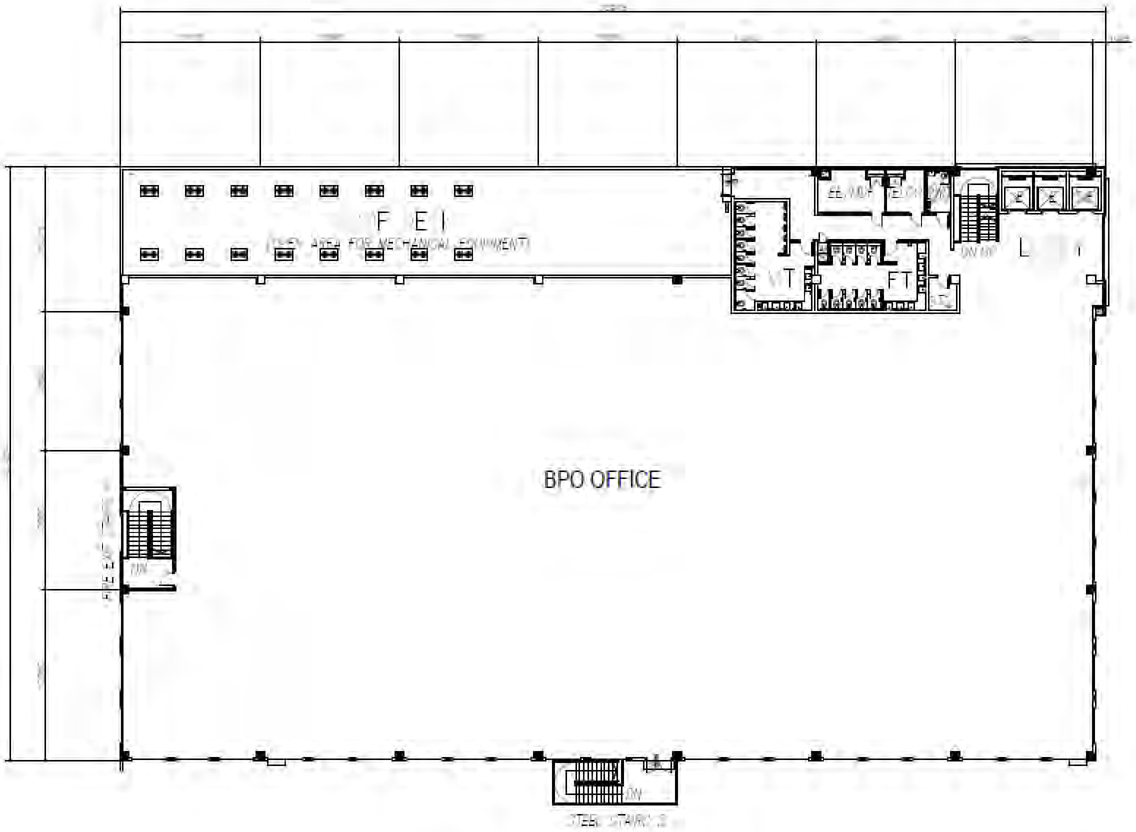
Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Floor Plans





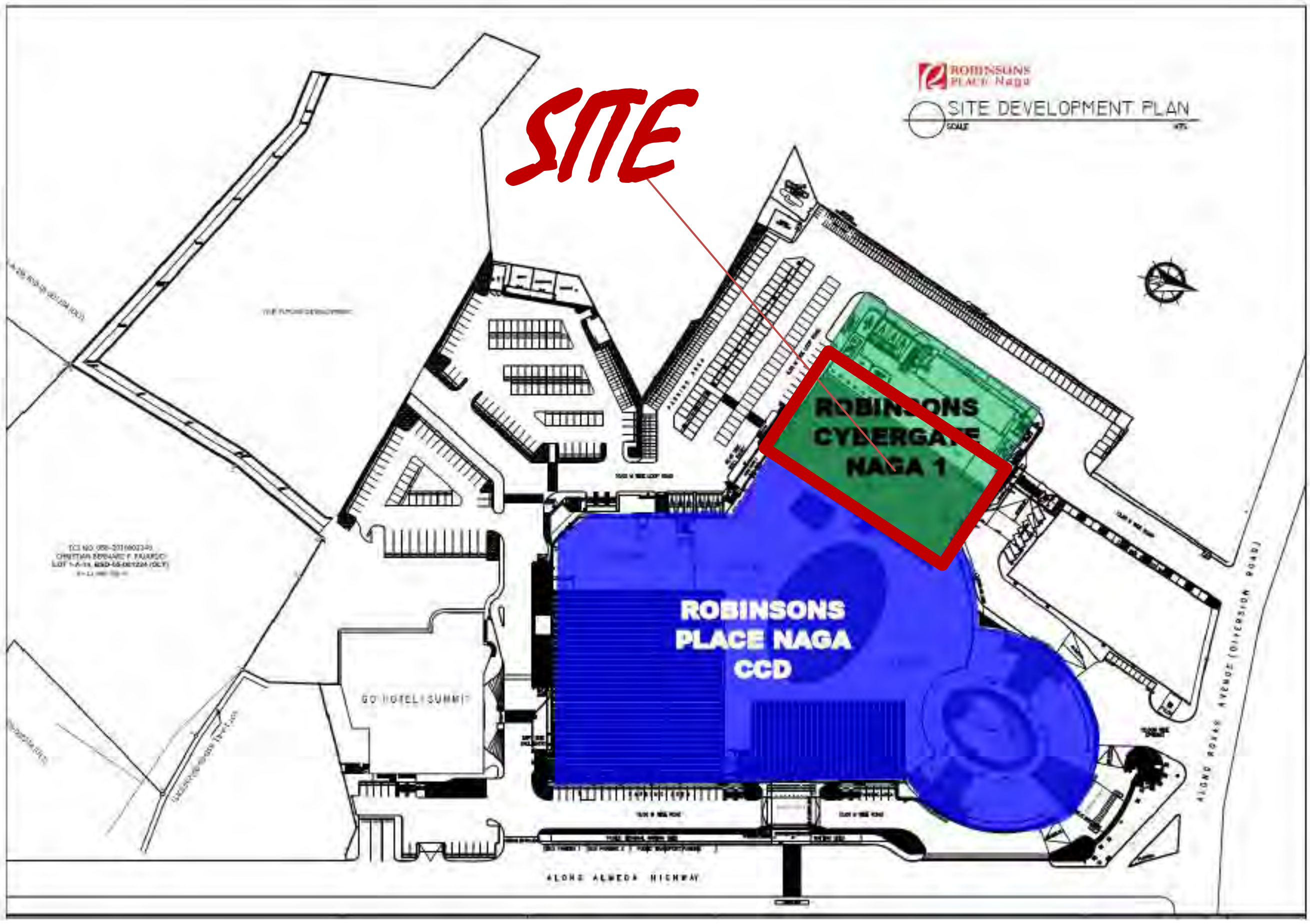
1 FOURTH FLOOR PLAN



1 FIFTH FLOOR PLAN

SCALE

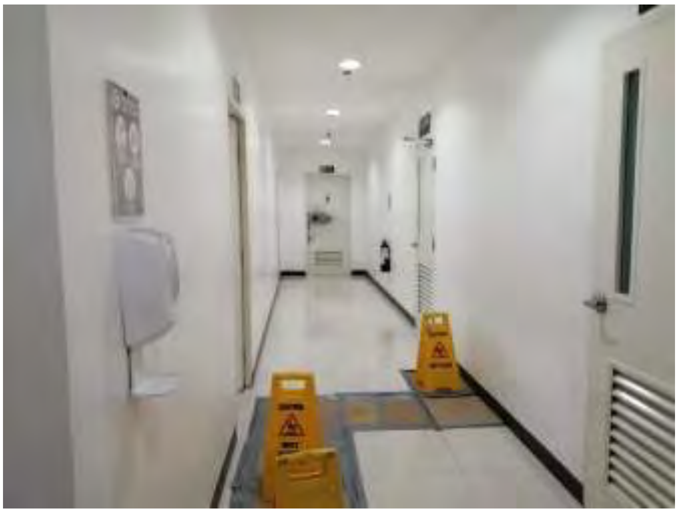
Appendix 5 - Site Development Plan



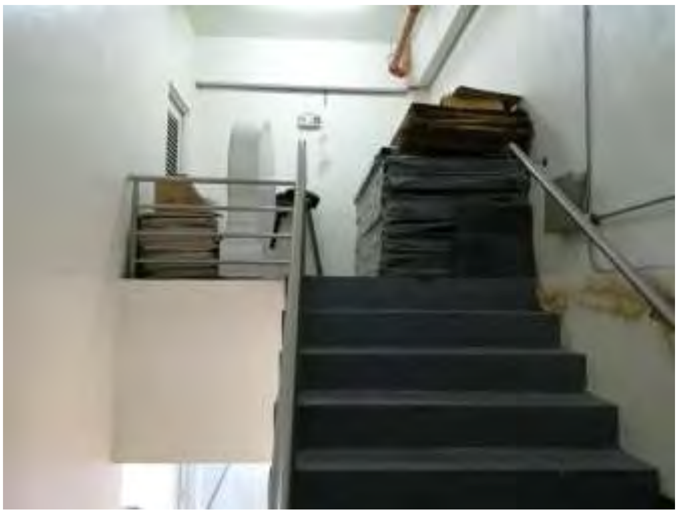
Appendix 6 - Photographs

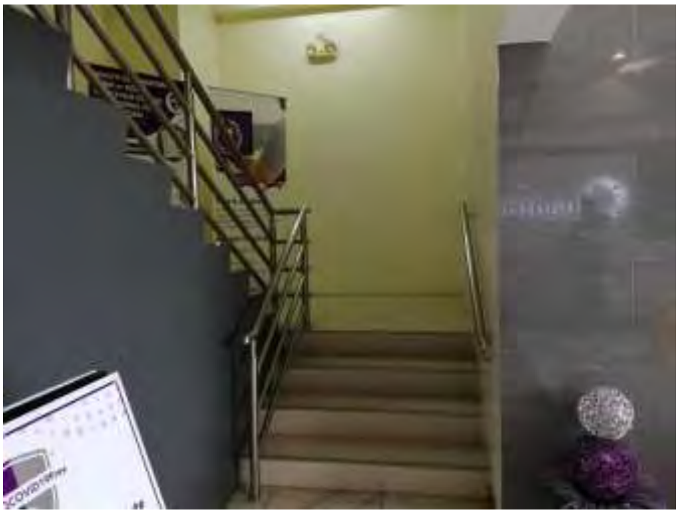
(SKF File Photos)

Entrance and lobby



Hallways for Office Area





Stairs


Roof deck

MACHINERY AND EQUIPMENT

Air Conditioning System

Automatic Transfer Switches

Exhaust Ventilation Blowers

Generator Set

Pressurization Blower Fans

Elevators

Appendix 7 - Leasehold Value of the Land

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	8,338,840	583,719	550,488	(33,231)	0.966	(32,087)
2	January 01, 2022	December 31, 2022	34,737,614	2,431,633	2,249,520	(182,113)	0.901	(164,031)
3	January 01, 2023	December 31, 2023	36,383,309	2,546,832	2,317,006	(229,826)	0.840	(193,103)
4	January 01, 2024	December 31, 2024	36,561,122	2,559,279	2,386,516	(172,763)	0.784	(135,408)
5	January 01, 2025	December 31, 2025	38,389,178	2,687,242	2,458,111	(229,131)	0.731	(167,527)
6	January 01, 2026	December 31, 2026	40,308,637	2,821,605	2,531,855	(289,750)	0.682	(197,619)
7	January 01, 2027	December 31, 2027	42,324,069	2,962,685	2,607,810	(354,875)	0.636	(225,780)
8	January 01, 2028	December 31, 2028	44,440,272	3,110,819	2,686,045	(424,775)	0.593	(252,100)
9	January 01, 2029	December 31, 2029	46,662,286	3,266,360	2,766,626	(499,734)	0.554	(276,668)
10	January 01, 2030	December 31, 2030	48,995,400	3,429,678	2,849,625	(580,053)	0.516	(299,567)
11	January 01, 2031	September 30, 2031	38,478,169	2,693,472	2,195,304	(498,168)	0.490	(244,240)
12	January 01, 2032	December 31, 2032	54,017,429	3,781,220	3,023,167	(758,053)		
				Total Present Value of the Rental Gains				(2,188,128)
				Terminal Value of Leasehold Rights on the Land at Year 11				(16,128,792)
						Discounted at	0.490	(7,907,574)
						Total Value of Leasehold		(10,095,702)
								==========
						ROUNDED TO, say,		(10,000,000)
								==========

Appendix 8 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE NAGA
PROPERTY ADDRESS:	:	Naga Diversion Roadcor. Almeda Highway, Brgy. Triangulo, Naga City
TOTAL LEASABLE AREA:	:	6,069.51

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	16,677,681	34,737,614	36,383,309	36,561,122	38,389,178	40,308,637	42,324,069	44,440,272	46,662,286	48,995,400	25,511,167	54,017,429
Parking Slots	-	-	-	-	-	-	-	-	-	-	-	-
Gross Leasing Revenues	16,677,681	34,737,614	36,383,309	36,561,122	38,389,178	40,308,637	42,324,069	44,440,272	46,662,286	48,995,400	25,511,167	54,017,429
Less: Vacancy Allowance	-	-	-	-	-	-	-	-	-	-	-	-
Net Leasing Revenues	16,677,681	34,737,614	36,383,309	36,561,122	38,389,178	40,308,637	42,324,069	44,440,272	46,662,286	48,995,400	25,511,167	54,017,429
Other Income												
Management Dues	3,598,205	7,137,744	7,137,744	7,137,744	7,137,744	7,494,631	7,494,631	7,494,631	7,494,631	7,494,631	3,716,516	7,869,362
Aircon Dues	2,643,579	5,244,057	5,244,057	5,244,057	5,244,057	5,506,259	5,506,259	5,506,259	5,506,259	5,506,259	2,730,501	5,781,572
NET REVENUES	22,919,465	47,119,415	48,765,109	48,942,922	50,770,979	53,309,528	55,324,959	57,441,163	59,663,176	61,996,291	31,958,184	67,668,364
OPERATING COSTS & EXPENSES												
Contracted Services	374,827	780,719	817,706	821,702	862,787	905,927	951,223	998,784	1,048,723	1,101,159	573,357	1,214,028
Repairs & Maintenance	896,541	1,867,388	1,955,856	1,965,414	2,063,685	2,166,869	2,275,213	2,388,973	2,508,422	2,633,843	1,371,402	2,903,812
Management Fee	644,932	1,343,317	1,406,956	1,413,832	1,484,524	1,558,750	1,636,688	1,718,522	1,804,448	1,894,670	986,526	2,088,874
Loss from CUSA												
Power Charges - net	617,794	1,286,791	1,347,752	1,354,339	1,422,056	1,493,159	1,567,817	1,646,208	1,728,518	1,814,944	945,014	2,000,976
Water Charges - net	4,530	9,436	9,883	9,931	10,428	10,949	11,497	12,072	12,675	13,309	6,930	14,673
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	6,516	13,573	14,216	14,285	15,000	15,750	16,537	17,364	18,232	19,144	9,968	21,106
Miscellaneous Expense	10,177	21,198	22,202	22,311	23,426	24,598	25,827	27,119	28,475	29,898	15,568	32,963

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE NAGA
PROPERTY ADDRESS:	:	Naga Diversion Roadcor. Almeda Highway, Brgy. Triangulo, Naga City
TOTAL LEASABLE AREA:	:	6,069.51

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		787,671	1,619,347	1,675,905	1,682,016	1,744,840	1,832,082	1,901,346	1,974,074	2,050,437	2,130,619	1,098,303	2,325,551
Taxes & Licenses		682,794	1,354,455	1,395,088	1,395,088	1,395,088	1,395,088	1,436,941	1,436,941	1,436,941	1,436,941	733,942	1,480,049
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	-	-	-	-	-	-	-	-	-	-	-
Insurance Expense		145,961	300,076	310,556	311,689	323,330	339,497	352,332	365,809	379,959	394,818	203,523	430,940
Communication		3,273	6,729	6,964	6,989	7,251	7,613	7,901	8,203	8,520	8,854	4,564	9,664
Rent Expense		583,719	2,431,633	2,546,832	2,559,279	2,687,242	2,821,605	2,962,685	3,110,819	3,266,360	3,429,678	1,785,782	3,781,220
Supplies Expense		9,224	18,964	19,626	19,698	20,433	21,455	22,266	23,118	24,012	24,951	12,862	27,234
Travel & Transportation		34,118	70,142	72,592	72,857	75,578	79,357	82,357	85,507	88,815	92,288	47,573	100,731
Representation & Entertainment		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS & EXPENSES		4,802,076	11,123,767	11,602,134	11,649,430	12,135,669	12,672,698	13,250,629	13,813,512	14,404,538	15,025,116	7,795,314	16,431,821
NET OPERATING INCOME		18,117,388	35,995,648	37,162,976	37,293,493	38,635,310	40,636,830	42,074,330	43,627,651	45,258,638	46,971,175	24,162,870	51,236,543
CAPEX	1.50%	250,165	521,064	545,750	548,417	575,838	604,630	634,861	666,604	699,934	734,931	382,667	810,261
NOI after CAPEX		17,867,223	35,474,584	36,617,226	36,745,076	38,059,472	40,032,200	41,439,469	42,961,047	44,558,704	46,236,243	23,780,202	50,426,282
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		17,107,636	31,161,888	29,509,740	27,167,683	25,816,045	24,912,076	23,658,551	22,502,062	21,411,816	20,383,418	10,045,014	19,541,841
Total Present Worth of Cashflows		253,675,929											
Terminal Value of Property at 11Y	5.0%	1,024,730,866											
Discounted at	0.42	432,857,392											

TOTAL PROPERTY VALUE	686,533,321
Rounded to, say	687,000,000

Appendix 9 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	CYBERGATE NAGA
PROPERTY ADDRESS:	:	Naga Diversion Roadcor. Almeda Highway, Brgy. Triangulo, Naga City
TOTAL LEASABLE AREA:	:	6,069.51

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	34,737,614
Parking Slots	-
Gross Leasing Revenues	34,737,614
Less: Vacancy Allowance	-
Net Leasing Revenues	34,737,614
Other Income	
Management Dues	7,137,744
Aircon Dues	5,244,057
NET REVENUES	47,119,415
OPERATING COSTS & EXPENSES	
Contracted Services	780,719
Repairs & Maintenance	1,867,388
Management Fee	1,343,317
Loss from CUSA	-
Power Charges - net	1,286,791
Water Charges - net	9,436
Aircon Dues (Expense)	-
Others	13,573
Miscellaneous Expense	21,198
General and Administrative Expense	-
Salaries & Wages	1,619,347
Taxes & Licenses	1,354,455
Advertising & Promotions Expense	-
Commission Expense	-
Insurance Expense	300,076
Communication	6,729
Rent Expense	2,431,633
Supplies Expense	18,964
Travel & Transportation	70,142
Representation & Entertainment	-
TOTAL COSTS & EXPENSES	11,123,767
NET OPERATING INCOME	35,995,648
Capitlization Rate	5.0%
TOTAL PROPERTY VALUE	719,912,963
Rounded to, say	720,000,000

Appendix 10 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Cybergate Naga, Barangay Triangulo, Naga City, Camarines Sur	Jacob Street, within Barangay Penafrancia, Naga City		Almeda Highway, Barangay Dalipay, Naga City		Barangay Road, within Barangay Bagumbayan Sur, Naga City, adjacent to future site of SM City 2	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		14,900,000.00		8,600,000.00		365,052,000.00	
Size (sq. m.) - Total Area	3,014.80	800.00		500.00		30,421.00	
Price Per sq.m. (Unadjusted)		PHP 18,625.00		PHP 17,200.00		PHP 12,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee Simple	Fee simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			18,625.00		17,200.00		12,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-5%	Allowance	-10%
Adjusted Price			16,762.50		16,340.00		10,800.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			16,762.50		16,340.00		10,800.00
PHYSICAL ADJUSTMENTS							
Location	Cybergate Naga, Barangay Triangulo, Naga City, Camarines Sur	Jacob Street, within Barangay Penafrancia, Naga City		Almeda Highway, Barangay Dalipay, Naga City		Barangay Road, within Barangay Bagumbayan Sur, Naga City, adjacent to future site of SM City 2	
Comparison/Adjustment		inferior	15%	inferior	15%	inferior	20%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Size of Lot	3,014.80	800.00		500.00		30,421.00	
Comparison/Adjustment		superior	-5%	superior	-10%	inferior	20%
Shape	rectangular	regular		regular		irregular	
Comparison/Adjustment		equal	0%	equal	0%	inferior	5%
Utilities/Amenities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	secondary road	secondary road		main road		secondary road	
Comparison/Adjustment		equal	0%	superior	-5%	equal	0%
Zoning	commercial	commercial/residential		commercial		residential (rawland)	
Comparison/Adjustment		inferior	5%	equal	0%	inferior	20%
Total Gross Adjustments			25%		30%		65%
Total Net Adjustments			15%		0%		65%
Final Adjusted Price (Net Adjustment Basis)		19,276.88		16,340.00		17,820.00	
Weight		50.00%		33.00%		17.00%	
Weight Equivalent		9,638.44		5,392.20		3,029.40	
Value per sqm		18,060.04					
ROUNDED TO		18,100.00 per sq.m.					
Total Area		3,014.80 sq.m.					
MARKET VALUE		54,600,000					

Appendix 11 - Schedule of Assets

BUILDING	
Description	**Market Value (PhP)**
Cybergate Naga - As seen during our inspection for the previous valuation done, Cybergate Naga is a five (5) storey, reinforced concrete-framed building with a roof deck. The ground floor is being utilized as lobby. The second is part of the mall, while third to fifth floors are used as offices. Construction was reportedly completed sometime in January 2018. . Construction features include plastered cement finish precast concrete exterior walls; concrete slab roofing with waterproofing membrane; mainly ceramic tiles on concrete flooring at lobbies and hallways, and epoxy paint finish concrete flooring on machine rooms; plastered concrete hollow block partitions; mainly gypsum board ceiling in common areas; and frameless glass main entrance doors. The office units during handover to the tenants reportedly have plain cement finish concrete flooring and electrical lighting facilities. All interior works done on the leased areas were reportedly shouldered by the tenants and were, therefore, excluded in this report. The whole building is presently occupied by Quantrics. It is also provided with building machinery and equipment such as elevators and air conditioning system, among others, described and valued in the succeeding sections of this report. Following instructions from the client, this valuation covers only a portion of the ground and 3rd floor, and 4th and 5th floors. Based on information provided to us by the client, total gross floor area of the subject floors is approximately 6,228.58 sq. m.	180,576,000 ==========
Note: The value indicated is just an allocation as the subject ground (portion), 3rd (portion), 4th and 5th floors cannot technically be separated from the rest of the building.	

BUILDING MACHINERY & EQUIPMENT

Description	Market Value (PhP)

Elevators

3-Passenger Elevators-
Mitsubishi Electric, 1,350 kgs., 20 persons capacity, 4 landings, complete with electric drive motor, governor, control panel, voltage regulators, wires, cables and other standard accessories — **8,090,000**

Air Conditioning and Ventilating System

Lot-Air Conditioning System-

Daikin Industries (Thailand) LTD/, Variable Refrigerant Volume (VRV) System, modular type, system comprising of:

ACCU Outdoor Unit -

Daikin, 22.37 kW (30.0 Hp) rated capacity

ACCU Outdoor Unit -

Daikin, 13.4 kW (18.0 Hp) rated capacity

4 - ACCU Outdoor Units -

Daikin, 31.3 kW (42.0 Hp) rated capacity

4 - ACCU Outdoor Units -

Daikin, 29.8 kW (40.0 Hp) rated capacity

ACCU Outdoor Unit -

Daikin, 32.8 kW (44.0 Hp) rated capacity

2 - ACCU Outdoor Units -

Daikin, 20.8 kW (28.0 Hp) rated capacity

ACCU Outdoor Unit -

Daikin, 25.35 kW (34.0 Hp) rated capacity

ACCU Outdoor Unit -
Daikin, 7.45 kW (10.0 Hp) rated cooling capacity

4 - VRF Fan Coil Units -

Daikin, Wall Mounted Type type, 1.49 kW (2.0 Hp) rated capacity

10 - VRF Fan Coil Units -

Daikin, Ceiling Cassette Type type, 1.49 kW (2.0 Hp) rated capacity	
10 - VRF Fan Coil Units -	
Daikin, Ceiling Cassette Type type, 3.72 kW (5.0 Hp) rated capacity	
173 - VRF Fan Coil Units -	
Daikin, Ceiling Cassette Type type, 1.86 kW (2.5 Hp) rated capacity	
2 - VRF Fan Coil Units -	
Daikin, Ceiling Mounted Duct Type type, 3.72 kW (5.0 Hp) rated capacity	
24 - VRF Fan Coil Units -	
Daikin, Ceiling Mounted Duct Type type, 5.96 kW (8.0 Hp) rated capacity	
2 - VRF Fan Coil Units -	
Daikin, Ceiling Mounted Duct Type type, 7.45 kW (10.0 Hp) rated capacity	
System complete with piping connections, electrical and controls system, valve and fittings, and other standard accessories	
Note: Installed in various locations	28,005,000
Lot-Air Ventilation and Exhaust System-	
Consisting of:	
2-Pressurization Blower Fans-	
Kruger, Model: BDB 630 CM CW 90, CMH: 25,200, driven by 7.5 kW electric motor	
Note: Located near Elevator's Motor	
Exhaust Ventilation Blower-	
Model: BSB 315 CM CCW 360, CMH: 3,230, driven by 0.75 kw electric motor	
Note: Located @ roofdeck, near VRV	
Exhaust Ventilation Blower-	
Model: BSB 400 CM CCW 360, CMH: 3,230, driven by 0.55 kw electric motor	
Note: Located @ roofdeck, near VRV	
System complete with ductings installations, electrical and controls system and other standard accessories	420,000

Total for Air Conditioning and Ventilating System -	**28,425,000**

Lot-Standby Power Supply and Electrical Power Distribution System-

System consisting of:

AC Electric Generating Set-	
Model TOP1100, 2016 Mfg Date, Ser Nos. T10010644, 1250 kva (1000 kw) rated capacity, 0.80 power factor, 1800 rpm, 3 phase, 60 hz, powered by:	
12-Cylinder Diesel Engine-	
Stamford, turbo-charged, direct injection, water cooled, complete with battery, controls and other standard accessories, steel skid base mounted on concrete foundation	
Fuel Day Tank-	
Mild steel plate of welded construction, cylindrical type, approx. 4000 liters capacity	
6 - Automatic Transfer Switches-	
Metal clad casement, one (1) swing-out door, rating: 125AT, 250AF	
Automatic Transfer Switch-	
Metal clad casement, one (1) swing-out door, rating: 250AT, 400AF	
2 - Automatic Transfer Switches-	
Metal clad casement, one (1) swing-out door, rating: 300AT, 400AF	
System complete with electrical wiring installations, piping connections, contactors, relays and other standard accessories	**15,338,000**

Total for Building Machinery & Equipment -	**51,853,000**
	==========

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

PABLO D. ACEBO

Appraiser

T 632.752.2580

F 632.752.2571

Pablo.Acebo@santos.knightfrank.ph

Pablo D. Acebo is an Appraiser of Santos Knight Frank under the Valuations Group.

Prior to joining Santos Knight Frank, Mr. Acebo was involved with Valencia Appraisal Corporation. He started there as a staff appraiser sometime in 1991 and he held the position of Senior Appraiser – Real Estate Division. Through the years, he has gained vast experience in real estate valuation. During his more than 20 years experience in his field, he had been involved in property valuation concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Architecture, Saint Louis University, Tuguegarao City

Santosknightfrank.com

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Cybergate Tower 2 -
Robinsons Cybergate Complex
Pioneer Street, Mandaluyong City
Metro Manila, Philippines

As of: 30 June 2021

Contact Details:

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Robinsons Cybergate Complex, Pioneer Street, Mandaluyong City, Metro Manila.		
Description	The Property comprises leasehold rights on the land, building and machinery & equipment of that site identified as Robinsons Cybergate Tower 2, a PEZA-registered, Grade A office building located on the southwest side of Pioneer Street, between Forum Robinsons Mall and One Gateway Place, some 150 meters southeast from EDSA.		
Land Area	2,570 sq.m.		
Gross Floor Area	56,116.35 sq.m.	**Gross Leasable Area**	43,671.70 sq.m.
Occupancy	99.8%	**WALE**	3.92 years
Ave. Lease Rate	Php607/ sq.m./ month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Leasehold (98 years)		
MARKET VALUE (Income Approach)	**PhP6,808,000,000** **SIX BILLION, EIGHT HUNDRED EIGHT MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information was obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Martin John L. Encomienda
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Income Approach of that certain Property consisting of <u>leasehold rights on the land, building and machinery & equipment</u> of a site identified as Robinsons Cybergate Tower 2 located along **Pioneer Street, within Robinsons Cybergate Complex, Mandaluyong City, Metro Manila, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank" or "SKF"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purpose for which it is stated herein and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purpose which it is stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability	1.11	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.
	1.12	Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.13	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.14	The valuation process was performed by **Raymond F. Dechavez** and **Martin John L. Encomienda**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.15	This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection	1.16	In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.
	1.17	The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.
Investigations	1.18	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction, we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- gross floor area tabulation
- site development plan
- lot area allocation
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

Address 2.1 The Property, identified as the site of **Robinsons Cybergate Tower 2**, is an office building located on the southwest side of Pioneer Street, between Forum Robinsons Mall and One Gateway Place, within Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila.

The site is situated about 200 meters southeast from MRT Boni Station and approximately 1.1 kilometers south from Greenfield District Pavilion Mall. In addition, it is about 1.7 kilometers southwest from SM Megamall and approximately 4.0 kilometers northeast from Makati's Central Business District.

Below is a satellite image courtesy of Google Maps showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.

Neighborhood 2.3 The site forms part of Robinsons Cybergate Complex (RCC), a mixed-use development situated at the corner of EDSA and Pioneer Street. It boasts three (3) office towers, residential condominiums, a hotel and a retail mall. Meanwhile, other nearby developments include: Pioneer Woodlands Condominium, Pioneer Highlands, Globe Telecom Plaza and Light Residences by SMDC.

Accessibility 2.4 The Property is accessible thru the fronting Pioneer Street which in turn connects to the nearby EDSA, a major thoroughfare which provides access to various section of metropolis.

Public transportation such as buses and taxicabs are mainly available throughout the day along the nearby EDSA. MRT Line also runs along EDSA, a mass transport system linking the area to/from the business districts of Makati, Ortigas and Araneta Center.

Land Details

Lot Area Allocation 2.5 Based on information provided to us by the Client, the land area allocated for Robinsons Cybergate Tower 2 is approximately **2,570 square meters**.

Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.6 The land is presently improved with an office building identified as Robinsons Cybergate Tower 2, a twenty-seven (27)-storey, PEZA-registered, Grade A office building, construction of which was completed sometime in June 2007. Also covered by the valuation are the appurtenant Machinery & Equipment.

Draft Contract of Lease

2.7 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation) [1], as the Lessee.

Based on the same document, the lease contract stated that it will cover Robinsons Cybergate Tower 2 with a gross floor area of 45,105.25 sq.m., reprotedly excluding parking area. Lease term would be for a period of 98 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Cybergate Tower 2 (plus VAT, as appliable).

2.8 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the Property.

Tenure

2.9 For purposes of this engagement, ownership rights to the Property is treated as **leasehold.**

Accommodation

Measurement

2.10 Based on the gross floor area tabulation provided to us by the Client, the building has a total gross floor area of approximately **56,116.35 sq. m.**

2.11 The Gross Floor Area (GFA) is tabulated as follows:

Floor	GFA (sq. m.)
GF	1,604.04
UGF	1,300.87
2F	2,456.53
3F	2,570.29
4F	2,570.29
5F	2,570.29
U5F	843.70
6F	2,009.54
7F	2,009.54
8F	2,009.54
9F	2,009.54
10F	2,009.54
11F	2,009.54
12F	2,009.54
14F	2,009.54
15F	2,009.54
16F	2,009.54

[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

17F	2,009.54	
18F	2,009.54	
19F	2,009.54	
20F	2,009.54	
21F	2,009.54	
22F	2,009.54	
23F	2,009.54	
24F	2,009.54	
25F	2,009.54	
26F	2,009.54	
27F	2,009.54	

Total	**56,116.35**	**sq.m.**

Condition

Scope of Inspection

2.12 As stated earlier, we have previously inspected the Property.

2.13 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.14 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided to us.

2.15 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.16 Building Machinery & Equipment as covered by the valuation are as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.17 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.18 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.19 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.20 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

Tenancy Information

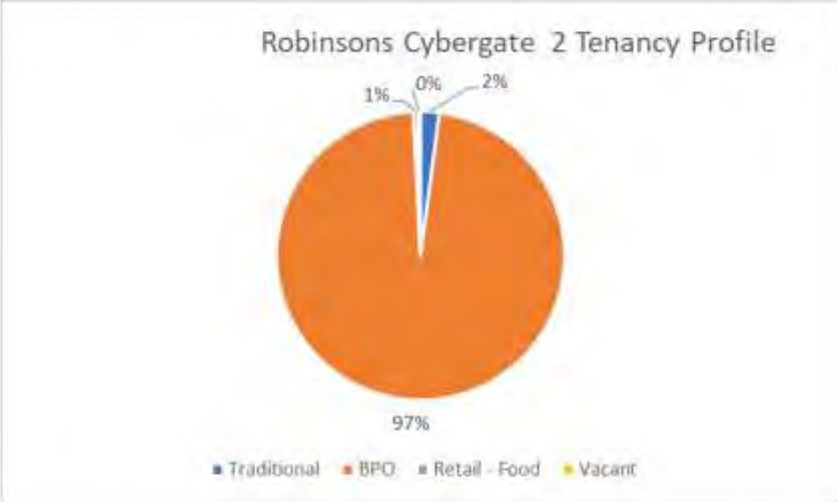
2.21 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.22 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract	
		Start	End
Tenant 1	88.46	21-Apr-12	20-Apr-22
Tenant 2	144.02	01-Jun-12	31-Jul-22
	1,090.00	17-Jun-19	31-May-25
	326.40	01-Sep-06	31-May-25
	595.44	03-Mar-07	31-May-25
	57.46	01-Sep-06	31-May-25
	152.82	03-Mar-07	31-May-25
	2,009.54	15-Jul-06	31-May-25
	2,009.54	15-Jul-06	31-May-25
	2,009.54	15-Jul-06	31-May-25
	2,009.54	15-Jul-06	31-May-25
	2,009.54	01-Aug-06	31-May-25
	2,009.54	01-Aug-06	31-May-25
	2,009.54	01-Sep-06	31-May-25
Tenant 3	2,009.54	01-Sep-06	31-May-25
	2,009.54	01-Nov-06	31-May-25
	2,009.54	01-Dec-06	31-May-25
	2,009.54	01-Feb-07	31-May-25
	2,009.54	01-Feb-07	31-May-25
	2,009.54	01-Feb-07	31-May-25
	2,009.54	01-Apr-07	31-May-25
	2,009.54	01-Apr-07	31-May-25
	2,009.54	03-Mar-07	31-May-25
	2,009.54	03-Mar-07	31-May-25
	2,009.54	03-Mar-07	31-May-25
	2,009.54	03-Mar-07	31-May-25
	2,009.54	03-Mar-07	31-May-25
Tenant 4	919.54	01-Apr-21	31-Mar-26

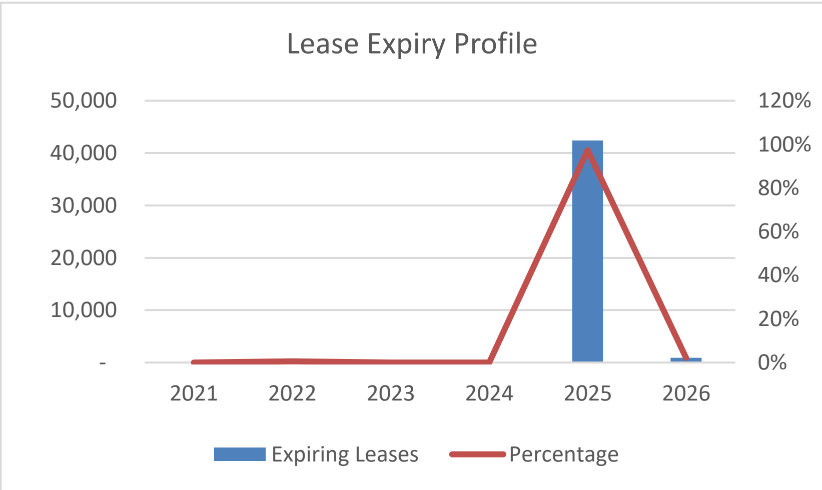
2.23 Based on the rent roll provided, total leasable area is **43,671.70** sq.m. with **245** parking slots available for lease.

2.24 The Property currently has a mix of traditional office, Business Process Outsourcing (BPO), and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 97% of the Property's leasable area followed by traditional office at 2%.



Source: RLC/ SKF

2.25 As of 30 June 2021, the Property is 99.8% occupied with a Weighted Average Lease Expiry (WALE) of 3.92 years. Earliest period with an expiring lease is 2022 with 1% of total leased area, followed by 2025 with 97% of the total leased area with expiring leases. In 2026, 2% of the leased area will be expiring.



Source: RLC/ SKF

2.26 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the wall's frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may affect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under

prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.27 Pioneer Street is mainly 15 meters wide, concrete paved and provided curbs and gutter, cemented sidewalks and underground drainage system.

2.28 Our informal enquiries with the City Assessor's Office - Tax Mapping Division confirmed that the Property enjoys frontage along Pioneer Street.

Access

2.29 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.30 From our enquiries with the City Planning Office, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.31 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.32 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

2.33 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible,

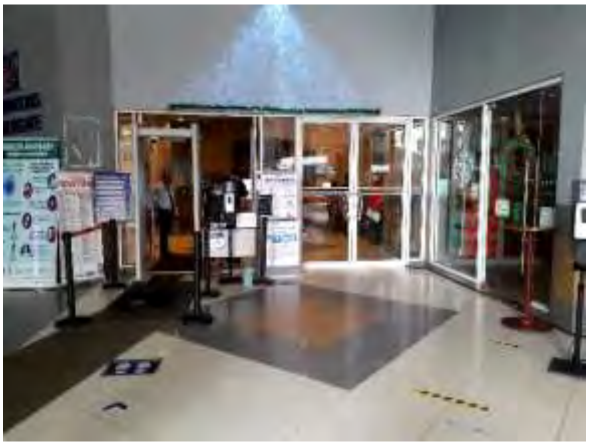
appropriately supported, financially feasible, and which results in highest land value.

2.34 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)


Views along Pioneer Street




Reception Area

2.35 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of Property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

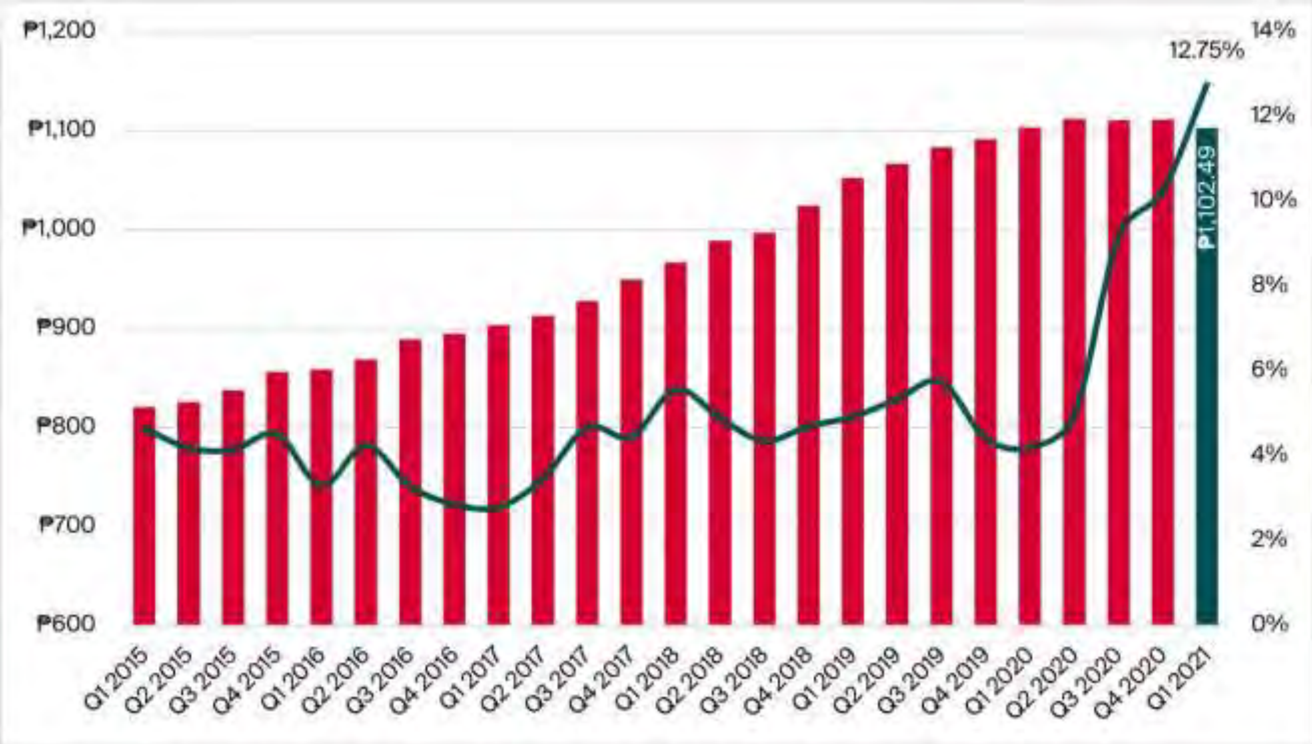
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

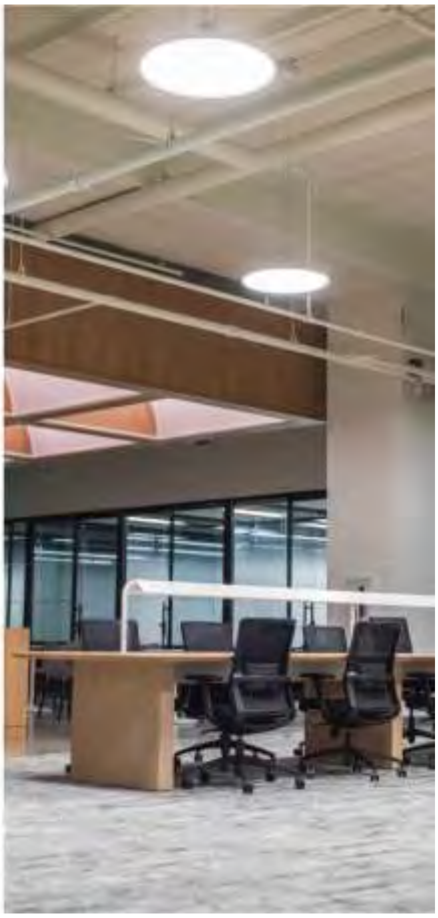
Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

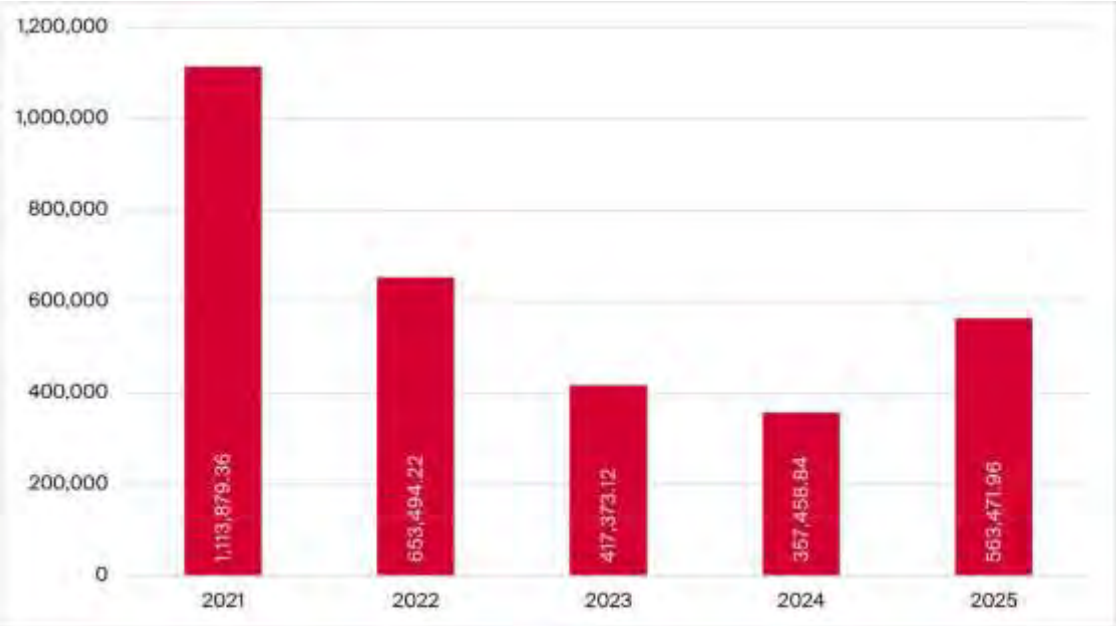


The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation

Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, market value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 For purposes of this appraisal, since coverage is leasehold rights only, the Income Approach to value is deemed the most appropriate to use.

4.3 Based on the foregoing, we are to render our opinion on the following:

a) Leasehold Value of the Property
b) Market Value of the Property Using Income Approach

4.4 **Leasehold Value of the Property**

As mentioned, the Property subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject Property.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased Property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11^{th} year rental gain is used to estimate the terminal value of the Leasehold Rights on the Property;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Property

4.5 As mentioned earlier, this report renders an estimate of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use.

The amount of annual or monthly rental, which the Property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmark; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real Property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain Property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing leases of similar properties in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or Property owners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar Property or parcels of land are analysed, compared, and adjusted to provide a value indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject Property.

4.10 The elements of comparison include Property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, Property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot with an area of 864 sq.m. located along EDSA extending to Sierra Madre Street, beside Richville Hotel, within Barangay Highway Hills, Mandaluyong City, is currently offered for sale at an asking price of PhP275,000,000 or about PhP318,287 per sq.m.
   Source: Avelina Panes-Acuna – 0917.249.5588

2. A commercial lot with an area of 2,306 sq.m. located along Shaw Boulevard, within Barangay Bagong Silang, Mandaluyong City, is currently offered for sale at an asking price of PhP853,220,000 or about PhP370,000 per sq.m.
   Source: Kenneth Endaya – 0936.110.9325

3. A commercial lot with an area of 300 sq.m. located along Shaw Boulevard, within Barangay Kapitolyo, Pasig City, is currently offered for sale at an asking price of PhP75,000,000 or about PhP250,000 per sq.m.
   Source: Joanna Aggusi – 0936.951.0219

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject Property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land

4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP218,000 per sq.m.**, or a total of, say, **PhP560,000,000** for a land area of **2,570 sq.m.**

Market Value of the Improvements

4.13 The estimate of the improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New (“RCN”) of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers.

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost (“DRC”). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General

Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets.

Value of the Improvements and Equipment

4.14 Based on the foregoing, the value of the improvements and equipment may be summarized as under:

		Market Value
Cybergate Tower 2 Building		PhP1,049,500,000
Building Machinery & Equipment		240,831,000

	Total	**PhP1,290,331,000**

Rate of Return

4.15 The value of the Property having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or Property owners would expect in leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with property owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4% on both the land and the improvements. We then added a recapture rate (return of investment) for the improvements. The Recapture Rate takes into consideration the remaining economic life of the improvements or the estimated number of years the investor (or owner) needs to recoup the cost of its investment before the improvements outlive its usefulness.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

	Area	Market Value	Annual Rate of Return	MARKET RENT	
				Annually	**Monthly**
Land	2,570.00	560,000,000	4.00%	**22,400,000**	**1,866,667**
Improvements and Equipment	56,116.35	1,290,331,000	7.77%	**100,305,000**	**8,358,750**
				-------------------	-------------------
				122,705,000	**10,225,417**
				==========	=========

Market Rent of the Property

4.16 On the basis of the foregoing, the Market Rent of the Property is estimated at **PhP10,225,417 per month**, or say, **PhP122,705,000 per annum.**

Rental Gain

4.17 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.18 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 8.8665%, or say, 9.0% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic, plus 0.80% management risk and 0.90% liquidity risk).

Risk Free Rate

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5008	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.19 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

			Classification		
nb	Country Code ISO Alpha 3	Country Name [1]	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

4.20 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Capitalization Rate

4.21 Capitalization rate adopted to arrive at the terminal value is 4.5% (Discount Rate less Projected Long-term Growth Rate (4.5%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease

4.22 Remaining life of the lease as of the date of valuation is 98 years.

Summary of Leasehold Assumptions

4.23 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERGATE TOWER 2			
Lease Details			
Lot Area	:	2,570.00	sq.m.
Term of Lease	:	98	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	10,225,417	/sq.m./ month
Annual Rent	:	122,705,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Management Risk		0.80	
Liquidity Risk		0.90	
Additional Risk		0.25	risk premium for unidentifiable risk factors
		8.87	
Resulting Discount Rate, say		9.00%	
Terminal Capitalization Rate		4.50%	

Leasehold Value

4.24 On the basis of the foregoing, the leasehold value of the Property may reasonably be estimated at **PhP1,981,000,000**.

We attach a copy of our valuation calculations at Appendix **5**.

Income Approach

Definition 4.25 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis 4.26 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.27 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.28 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	**Variable**	**Proxy Statistic**
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.29 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.30 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.31 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name [1]	Classification: Previous	Classification: Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate

4.32 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.33 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions

4.34 We relied on the historical and projected assumptions brought about by our research and as provided by the client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and

services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 99.8% while the historical average performance of the Property for the last two years is at 100%. Occupancy rates include committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 2.5%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 18% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject Property is attached as Appendix **6**.

Direct Capitalization Method

4.35 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.36 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value

4.37 Market Value is defined in the 2019 **International Valuation Standards** as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.38 The valuation date is **30 June 2021**.

General Assumptions

Assumptions

4.39 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions 4.40 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption 4.41 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.42 We have adopted the floor area details provided to us by the client and have assumed these to be accurate.

4.43 We were not provided with a Lot Plan where Robinsons Cybergate Tower 2 is erected. For purposes of this valuation, the land is assumed to be rectangular in shape.

4.44 For the Machinery & Equipment servicing the building, we have made the following assumptions -

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.45 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.46 Given the 98-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the Property. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Leasehold Value 4.47 The Leasehold Value of the Property is estimated at: **PhP1,981,000,000**.

Market Value Using Income Approach 4.48 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP6,808,000,000**
Direct Capitalization Method	**PhP7,967,000,000**

Calculation 4.49 We attach a copy of our valuation calculations for the Income Approach at Appendix **6** and **7**.

Comments 4.50 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.51 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.52 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP6,808,000,000 (SIX BILLION, EIGHT HUNDRED EIGHT MILLION PHILIPPINE PESOS).

Note: *The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this Property under frequent review.*

Value forwarded ………………………………..PhP6,808,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the Property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the Property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the Property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the Property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the Property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the Property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the Property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of Property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised Property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the Property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**
Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**
The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**
This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. Electronic Communication

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL V. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:

Our Valuation of 14 Properties will be as follows:

1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
   Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL I. LUNA, CFC®
Senior Director & Head
Valuation and Advisory
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Noted by:

CELIA N. ROCAMORA
Operations Director

Approved and agreed to by:
ROBINSONS LAND CORPORATION

By:

FREDERICK D. GO
President & Chief Executive Officer
Date ______________________

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant Property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant Property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purpose. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purpose, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the Property in question, unless arrangements have been previously made.

4.5. Except for the stated purpose, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations

19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

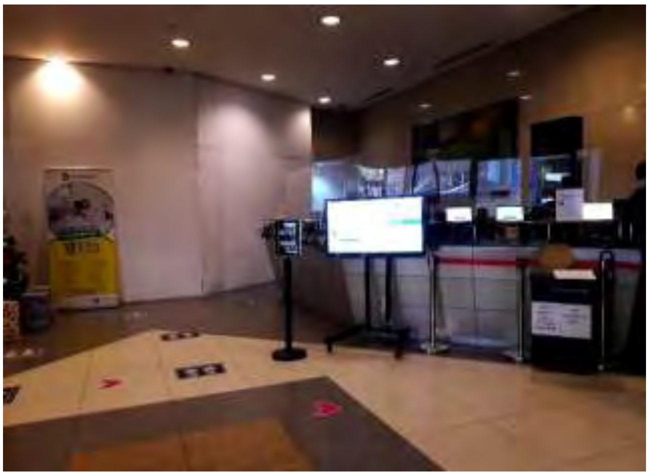
Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)

VARIOUS VIEWS OF THE BUILDING



Reception Area

Renovation works at the Lobby

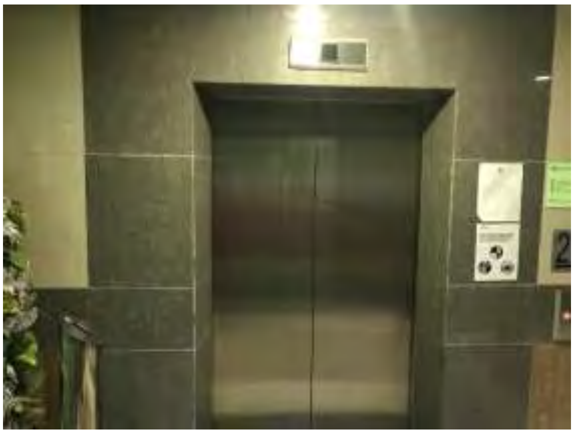
Ground Floor Hallway

Upper Ground Floor Office

Typical Elevator Hallway

Parking Level

BUILDING MACHINERY & EQUIPMENT



Elevator

Generator Sets

Ventilation System

Airconditioning System

Fire Fighting & Water Distribution System

Sewage Treatment Plant

Appendix 5 - Leasehold Value of the Property

Period Covered			Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	85,799,321	6,005,952	30,928,384	24,922,431	0.957	23,862,907
2	January 01, 2022	December 31, 2022	340,970,342	23,867,924	126,386,150	102,518,226	0.878	90,054,937
3	January 01, 2023	December 31, 2023	341,992,915	23,939,504	130,177,735	106,238,230	0.806	85,617,152
4	January 01, 2024	December 31, 2024	343,584,298	24,050,901	134,083,067	110,032,166	0.739	81,352,913
5	January 01, 2025	December 31, 2025	353,740,295	24,761,821	138,105,559	113,343,738	0.678	76,881,966
6	January 01, 2026	December 31, 2026	369,616,666	25,873,167	142,248,725	116,375,559	0.622	72,420,619
7	January 01, 2027	December 31, 2027	386,199,994	27,034,000	146,516,187	119,482,187	0.571	68,214,566
8	January 01, 2028	December 31, 2028	405,001,611	28,350,113	150,911,673	122,561,560	0.524	64,195,079
9	January 01, 2029	December 31, 2029	413,947,150	28,976,300	155,439,023	126,462,722	0.481	60,769,195
10	January 01, 2030	December 31, 2030	425,083,363	29,755,835	160,102,194	130,346,358	0.441	57,463,671
11	January 01, 2031	September 30, 2031	353,166,614	24,721,663	123,340,098	98,618,435	0.413	40,762,386
12	January 01, 2032	December 31, 2032	467,203,640	32,704,255	169,852,417	137,148,162		
						Total Present Value of the Rental Gains		721,595,392
						Terminal Value of Leasehold Rights on the Land at Year 11		3,047,736,941
						Discounted at	0.413	1,259,734,349
						Total Value of Leasehold		1,981,329,741
								============
						ROUNDED TO, say,		1,981,000,000
								============

Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 2
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	43,671.70 sq.m.

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	160,489,342	318,600,634	319,027,464	319,672,769	329,278,879	344,768,449	361,535,922	379,612,718	387,740,658	398,304,204	207,134,164	438,586,565
Parking Slots	4,734,414	9,525,722	9,797,917	10,078,278	10,353,850	10,503,481	10,676,520	11,006,107	11,317,014	11,480,542	5,786,933	12,030,093
Other Areas	10,774,852	21,586,815	21,936,583	22,643,105	23,177,830	23,822,086	23,890,116	24,767,443	25,503,507	26,198,190	27,233,528	28,566,562
Gross Leasing Revenues	175,998,608	349,713,171	350,761,965	352,394,152	362,810,559	379,094,016	396,102,558	415,386,268	424,561,179	435,982,936	240,154,624	479,183,220
Less: Vacancy Allowance	*4,399,965*	*8,742,829*	*8,769,049*	*8,809,854*	*9,070,264*	*9,477,350*	*9,902,564*	*10,384,657*	*10,614,029*	*10,899,573*	*6,003,866*	*11,979,581*
Net Leasing Revenues	171,598,643	340,970,342	341,992,915	343,584,298	353,740,295	369,616,666	386,199,994	405,001,611	413,947,150	425,083,363	234,150,758	467,203,640
Other Income												
Management Dues	28,076,141	55,694,519	55,694,519	55,694,519	55,694,519	58,479,245	58,479,245	58,479,245	58,479,245	58,479,245	28,999,297	61,403,207
Aircon Dues	19,576,025	38,832,876	38,832,876	38,832,876	38,832,876	40,774,519	40,774,519	40,774,519	40,774,519	40,774,519	20,219,693	42,813,245
NET REVENUES	219,250,809	435,497,736	436,520,310	438,111,693	448,267,689	468,870,430	485,453,758	504,255,376	513,200,914	524,337,127	283,369,748	571,420,092
OPERATING COSTS & EXPENSES												
Contracted Services	5,453,968	10,837,157	10,869,658	10,920,237	11,243,028	11,747,631	12,274,704	12,872,281	13,156,600	13,510,545	7,442,080	14,849,266
Repairs & Maintenance	5,671,673	11,269,742	11,303,540	11,356,138	11,691,814	12,216,559	12,764,671	13,386,101	13,681,769	14,049,843	7,739,144	15,442,001
Management Fee	8,719,034	17,324,916	17,376,874	17,457,733	17,973,765	18,780,454	19,623,063	20,578,385	21,032,913	21,598,751	11,897,346	23,738,909
Loss from CUSA												
Power Charges - net	2,791,216	5,546,208	5,562,842	5,588,727	5,753,924	6,012,168	6,281,912	6,587,738	6,733,246	6,914,387	3,808,686	7,599,514
Water Charges - net	489,383	972,415	975,332	979,870	1,008,834	1,054,112	1,101,406	1,155,027	1,180,538	1,212,298	667,776	1,332,421
Aircon Dues (Expense)												
Others	187,189	371,948	373,064	374,800	385,878	403,197	421,287	441,797	451,555	463,703	255,424	509,650
Miscellaneous Expense	328,889	653,510	655,470	658,520	677,985	708,414	740,198	776,234	793,379	814,723	448,778	895,451

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 2
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	43,671.70 sq.m.

		0.50 2021	1.50 2022	2.50 2023	3.50 2024	4.50 2025	5.50 2026	6.50 2027	7.50 2028	8.50 2029	9.50 2030	10.00 2031	11.00 2032
General and Administrative Expense													
Salaries & Wages		1,727,501	3,431,335	3,439,392	3,451,930	3,531,950	3,694,282	3,824,944	3,973,084	4,043,567	4,131,310	2,232,701	4,502,282
Taxes & Licenses		453,124	898,859	925,825	925,825	925,825	925,825	953,600	953,600	953,600	953,600	487,068	982,208
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		-	28,267	-		5,329,797	151,578	-		6,276,076	175,115	-	-
Insurance Expense		767,491	1,524,467	1,528,047	1,533,617	1,569,169	1,641,289	1,699,339	1,765,155	1,796,469	1,835,451	991,941	2,000,266
Communication		8,396	16,676	16,715	16,776	17,165	17,954	18,589	19,309	19,652	20,078	10,851	21,881
Rent Expense		6,005,952	23,867,924	23,939,504	24,050,901	24,761,821	25,873,167	27,034,000	28,350,113	28,976,300	29,755,835	16,390,553	32,704,255
Supplies Expense		121,279	240,896	241,462	242,342	247,960	259,356	268,529	278,929	283,878	290,038	156,746	316,082
Travel & Transportation		1,275	2,532	2,538	2,547	2,606	2,726	2,823	2,932	2,984	3,049	1,648	3,323
Representation & Entertainment		1,199	2,381	2,387	2,395	2,451	2,563	2,654	2,757	2,806	2,867	1,549	3,124
TOTAL COSTS & EXPENSES		32,727,570	76,989,235	77,212,648	77,562,360	85,123,974	83,491,276	87,011,719	91,143,441	99,385,331	95,731,593	52,532,291	104,900,631
NET OPERATING INCOME		186,523,239	358,508,501	359,307,662	360,549,333	363,143,716	385,379,154	398,442,040	413,111,934	413,815,584	428,605,534	230,837,458	466,519,461
CAPEX	1.5%	2,573,980	5,114,555	5,129,894	5,153,764	5,306,104	5,544,250	5,793,000	6,075,024	6,209,207	6,376,250	3,512,261	7,008,055
NOI after CAPEX		183,949,260	353,393,946	354,177,769	355,395,569	357,837,611	379,834,904	392,649,040	407,036,910	407,606,376	422,229,284	227,325,197	459,511,406
Discount Rate/ Present Worth Factor	9.00%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		176,129,048	310,431,334	285,431,070	262,763,754	242,724,121	236,371,616	224,170,518	213,197,079	195,867,297	186,141,330	96,024,620	178,075,765
Total Present Worth of Cashflows		2,429,251,787											
Terminal Value of Property at 11Y	4.50%	10,367,099,133											
Discounted at	0.42	4,379,174,710											

TOTAL PROPERTY VALUE	6,808,426,497
Rounded to, say	6,808,000,000

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 2
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	43,671.70 sq.m.

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	318,600,634
Parking Slots	9,525,722
Gross Leasing Revenues	349,713,171
Less: Vacancy Allowance	8,742,829
Net Leasing Revenues	340,970,342
	-
Other Income	-
Management Dues	55,694,519
Aircon Dues	38,832,876
	-
[illegible]	[illegible]
	-
OPERATING COSTS & EXPENSES	-
	-
Contracted Services	10,837,157
Repairs & Maintenance	11,269,742
Management Fee	17,324,916
Loss from CUSA	-
Power Charges - net	5,546,208
Water Charges - net	972,415
Aircon Dues (Expense)	-
Others	371,948
Miscellaneous Expense	653,510
General and Administrative Expense	-
Salaries & Wages	3,431,335
Taxes & Licenses	898,859
Advertising & Promotions Expense	-
Commission Expense	28,267
Insurance Expense	1,524,467
Communication	16,676
Rent Expense	23,867,924
Supplies Expense	240,896
Travel & Transportation	2,532
Representation & Entertainment	2,381
TOTAL COSTS & EXPENSES	76,989,235
	-
NET OPERATING INCOME	358,508,501
Capitlization Rate	4.5%

TOTAL PROPERTY VALUE	7,966,855,587
Rounded to, say	7,967,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

Robinsons Cybergate Tower 2

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Pioneer Street, Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila	EDSA/Sierra Madre Street, Barangay Highway Hills, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Bagong Silang, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Kapitolyo, Pasig City, Metro Manila	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		275,000,000.00		853,220,000.00		75,000,000.00	
Size (sq. m.) - Allocated Area	2,570.00	864.00		2,306.00		300.00	
Price Per sq.m. (Unadjusted)		PHP 318,287.04		PHP 370,000.00		PHP 250,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee simple	Fee Simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			318,287.04		370,000.00		250,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-25%	Allowance	-10%
Adjusted Price			286,458.33		277,500.00		225,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			286,458.33		277,500.00		225,000.00
PHYSICAL ADJUSTMENTS							
Location	Pioneer Street, Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila	EDSA/Sierra Madre Street, Barangay Highway Hills, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Bagong Silang, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Kapitolyo, Pasig City, Metro Manila	
Comparison/Adjustment		superior	-15%	superior	-10%	superior	-10%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Lot Size	2,570.00	864.00		2,306.00		300.00	
Comparison/Adjustment		superior	-5%	equal	0%	superior	-10%
Shape	rectangular	rectangular		rectangular		rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Amenities/Utilities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	main road	major thoroughfare/secondary road		main road		main road	
Comparison/Adjustment		superior	-10%	equal	0%	equal	0%
Zoning	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			30.00%		10.00%		20.00%
Total Net Adjustments			-30%		-10%		-20%
Final Adjusted Price (Net Adjustment Basis)		200,520.83		249,750.00		180,000.00	
Weight		17.0%		50.0%		33.0%	
Weight Equivalent		34,088.54		124,875.00		59,400.00	
Value per sqm		218,363.54					
ROUNDED TO		218,000.00 per sq.m.					
Allocated Area		2,570.00 sq.m.					
INDICATED VALUE		560,000,000					

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in Property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

MARTIN JOHN L. ENCOMIENDA

Appraiser

T 632.752.2580

F 632.752.2571

Martin.Encomienda@santos.knightfrank.ph

Martin John Encomienda is an Appraiser of Santos Knight Frank, Inc. in the Valuations Department under Valuations Group.

Prior to joining Santos Knight Frank, Inc., Mr. Encomienda was involved with Royal Asia Appraisal Corporation. He started there as staff appraiser in May 2016. During his more than four (4) years' experience in his field, he has gained immense experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate. He is now currently expanding his expertise and is now involved in light machinery and equipment valuation projects and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Civil Engineering,
  Technological Institute of the Philippines - Manila

Santosknightfrank.com

Santos Knight Frank

Valuation Report

Prepared for:

ROBINSONS LAND CORPORATION

Robinsons Cybergate Tower 3 -
Robinsons Cybergate Complex
Pioneer Street, Mandaluyong City
Metro Manila, Philippines

As of: 30 June 2021

ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner ADB Avenue, Ortigas Center
Quezon City, Metropolitan Manila

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Prepared by:

Santos Knight Frank, Inc.
10/F Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City, Philippines
Santosknightfrank.com
T: +632 7752 2580
F: +632 7752 2571

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Robinsons Cybergate Complex, Pioneer Street, Mandaluyong City, Metro Manila.		
Description	The Property comprises leasehold rights on the land, building and machinery & equipment of that site identified as Robinsons Cybergate Tower 3, a PEZA-registered, Grade A office building located on the southwest side of Pioneer Street, beside or southeast of One Gateway Place, some 300 meters southeast from EDSA.		
Land Area	2,582 sq.m.		
Gross Floor Area	55,873.08 sq.m.	**Gross Leasable Area**	44,614.34 sq.m.
Occupancy	99%	**WALE**	2.66 years
Ave. Lease Rate	PhP704/ sq.m./month		
CLIENT	**ROBINSONS LAND CORPORATION**		
Tenure	Leasehold (99 years)		
MARKET VALUE (Income Approach)	**PhP7,873,000,000** **SEVEN BILLION, EIGHT HUNDRED SEVENTY-THREE MILLION PHILIPPINE PESOS**		
Valuation date	**30 June 2021**		
Date of Issue	**16 July 2021**		

Valuer's Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct. Information was obtained from sources believed to be reliable, all facts known to the valuers which have a bearing on the value conclusions reached have been considered and no facts of importance have been intentionally omitted herein.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- The reported analyses, opinions, and conclusions are independent and objective.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Council.
- That the Value of the Property, appraised as of 30 June 2021, amounts to that specified in the "Conclusion of Value" and/or "Executive Summary" sections of this Report.
- The persons below provided professional assistance to the persons signing this report:

Raymond F. Dechavez
Appraiser

Martin John L. Encomienda
Appraiser

SANTOS KNIGHT FRANK, INC.

Reviewed (but not undertaken) by:

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Contents

Appendices

1 Instructions

Engagement of Santos Knight Frank

Instructions	1.1	We refer to our Letter of Engagement dated 21 September 2020 and Amendment dated 01 June 2021, to provide a Valuation Report on the opinion of **Market Value** using Income Approach of that certain Property consisting of leasehold rights on the land, building and machinery & equipment of a site identified as Robinsons Cybergate Tower 3 located along **Pioneer Street, within Robinsons Cybergate Complex, Mandaluyong City, Metro Manila, Philippines**, ("the Property"). A copy of that document is attached herein as Appendix **2**.
	1.2	This valuation has been carried out by Santos Knight Frank, Inc. ("Santos Knight Frank"), in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached as Appendix **3**.
Client	1.3	Our client for this instruction is **Robinsons Land Corporation** ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with the International Valuation Standards, as well as other local standards.
Purpose of valuation	1.5	You have confirmed that this valuation is for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
Conflict of interest	1.6	We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below: We have conducted the valuation of the same Property for you as of 30 September 2020 for purposes of: i) the tax-free exchange of assets to a REIT Company, and (ii) for the registration statement and the listing application to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in connection with the initial public offering of the REIT Company and will form part of the REIT Plan of the REIT Company that will be made publicly available.
	1.7	You have confirmed this Engagement notwithstanding this matter, you are content for us to proceed with this instruction. We are providing an objective and unbiased valuation.
	1.8	We are acting as external and independent valuers in this engagement.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and for the purpose for which it is stated herein and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Except for the purpose which it is stated herein, neither the whole nor any part of this valuation nor any reference thereto may be included in any published

document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

1.11 No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Santos Knight Frank, Inc. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Santos Knight Frank, Inc.

1.12 Santos Knight Frank, Inc.'s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount of the level of our fee, specified in the Letter of Engagement, a copy of which is attached as Appendix **2**. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.13 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.14 The valuation process was performed by **Raymond F. Dechavez** and **Martin John L. Encomienda**, under the supervision of **Jacqueline T. Guerta** and **Jesus Constance M. Castro**, both licensed Real Estate Appraisers. The Principal Signatory on behalf of Santos Knight Frank, Inc. and who also reviewed the Valuation Report, is **Wenceslao D. Fuentes, Jr.,** also a licensed Real Estate Appraiser. We confirm that the above-named Licensed Real Estate Appraisers are registered with the Professional Regulation Commission ("the PRC"), having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.15 This report has been vetted as part of Knight Frank global standards.

Scope of enquiries & investigations

Inspection

1.16 In accordance with your instructions, due to the limited timeframe to complete the Engagement, we have not conducted a current inspection. The Property has been previously inspected. Valuation rendered is a result of a revaluation of a property that has previously been inspected.

1.17 The Client has provided us with information regarding the changes to the physical attributes and/or characteristics of the Property; current or anticipated changes in rental income from the Property; and material changes to the non-physical attributes of each property, such as other lease terms, planning consents, statutory notices and other relevant information which have occurred between the valuation date and the date of our previous valuation. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

Investigations

1.18 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction, we have undertaken verbal / internet-

based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.19 In this report, we have been provided with information/documents by the Client for the previous valuation done as well as for the current engagement. We have relied upon this information as being materially correct in all aspects. In particular, we detail the following:

- floor plans
- gross floor area tabulation
- site development plan
- lot area allocation
- rent roll
- financial statements
- projections
- historical and current occupancy

1.20 In cases where we were not provided with documents or information, we did our own enquiries as outlined and stated in the report. Any assumptions in lieu of the lack of information is also set out in the relevant sections of this report.

Valuation basis

1.21 In accordance with your instructions, we have provided an opinion of value on the basis of **Market Value**.

Market Value (MV)

1.22 Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property.

It is further assumed that title to the Property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable.

The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.

Valuation date

1.23 The valuation date is **30 June 2021.**

2 The Property

Location

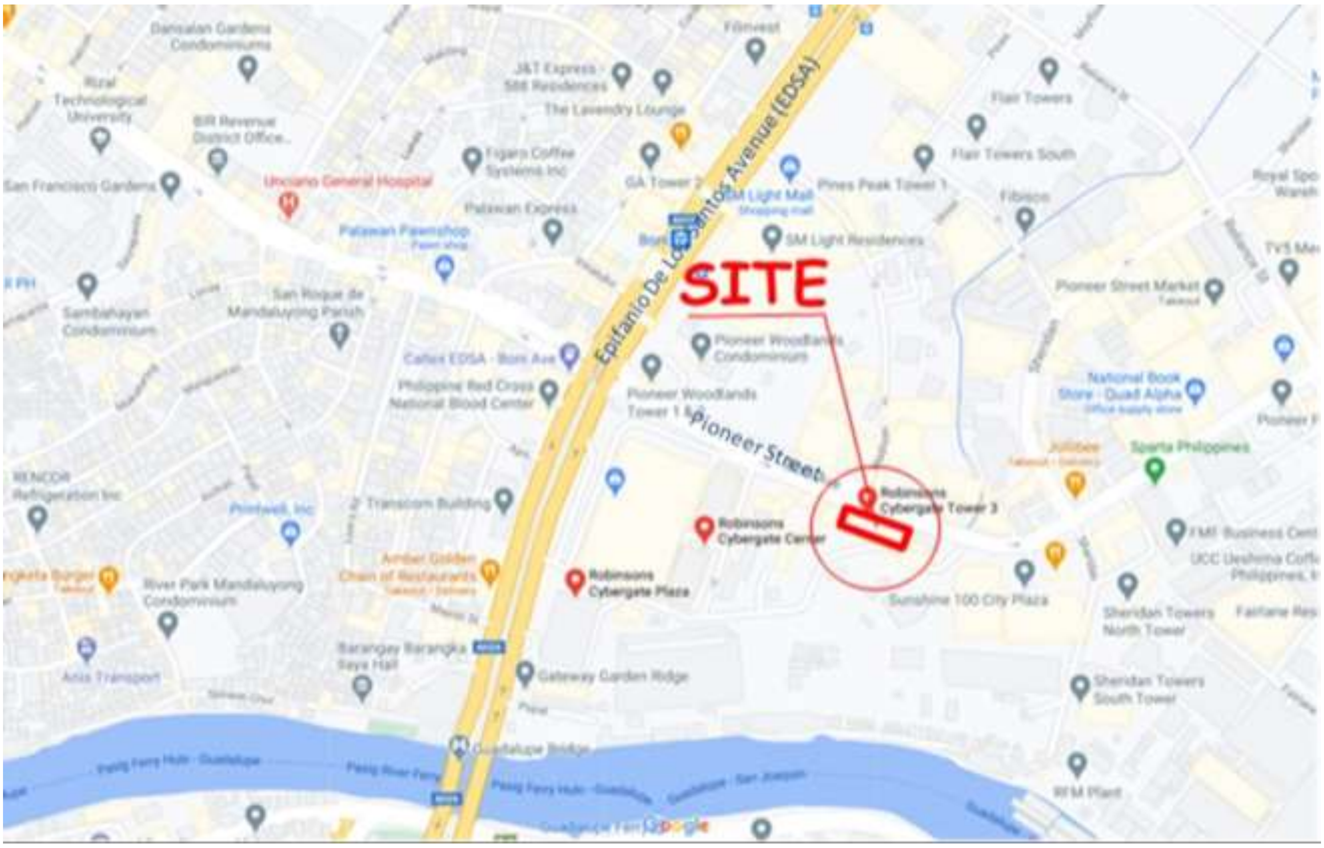
Address 2.1 The Property, identified as the site of **Robinsons Cybergate Tower 3**, is an office building located on the southwest side of Pioneer Street, beside or southeast of One Gateway Place, within Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila.

The site is situated about 350 meters southeast from MRT Boni Station and approximately 1.25 kilometers south from Greenfield District Pavilion Mall. In addition, it is about 1.85 kilometers southwest from SM Megamall and approximately 4.2 kilometers northeast from Makati's Central Business District.

Below is a satellite image courtesy of Google Map showing the Property and its relation to the immediate vicinity.

Note: Image courtesy of Google Maps.

2.2 The street plan below shows the location of the Property.



Neighborhood 2.3 The site forms part of Robinsons Cybergate Complex (RCC), a mixed-use development situated at the corner of EDSA and Pioneer Street. It boasts three (3) office towers, residential condominiums, a hotel and a retail mall. Meanwhile, other nearby developments include: Pioneer Woodlands Condominium, Pioneer Highlands, Globe Telecom Plaza and Light Residences by SMDC.

Accessibility 2.4 The Property is accessible thru the fronting Pioneer Street which in turn connects to the nearby EDSA, a major thoroughfare which provides access to various section of metropolis.

Public transportation such as buses and taxicabs are mainly available throughout the day along the nearby EDSA. MRT Line also runs along EDSA, a mass transport system linking the area to/from the business districts of Makati, Ortigas and Araneta Center.

Land Details

Lot Area Allocation 2.5 Based on information provided to us by the Client, the land area allocated for Robinsons Cybergate Tower 3 is approximately **2,582 square meters**.

Improvements and Machinery & Equipment

Improvements and Machinery & Equipment 2.6 The land is presently improved with an office building identified as "Robinsons Cybergate Tower 3", a twenty-seven (27)-storey, PEZA-registered, Grade A office building, construction of which was completed sometime in April 2008. Also covered by the valuation are the appurtenant Machinery & Equipment.

Draft Contract of Lease 2.7 We were provided by the Client a copy of a Draft Contract of Lease with ROBINSONS LAND CORPORATION, as the Lessor, and RL COMMERCIAL REIT, INC. (formerly Robinsons Realty and Management Corporation) [1], as the Lessee.

Based on the same document, the lease contract stated that it will cover Robinsons Cybergate Tower 3 with a gross floor area of 45,304.24 sq.m., reportedly excluding parking area. Lease term would be for a period of 99 years. It likewise specified that the monthly lease payments would be 7% of the monthly rental income gained from Robinsons Cybergate Tower 3 (plus VAT, as appliable).

2.8 The management of RLC disclosed that actual lease commencement shall be the date of the Certificate of Approval of the Increase in Authorized Capital Stock of RCR issued by the SEC. However, for valuation purposes, lease commencement shall be assumed on October 1, 2021.

In the absence of a signed contract, we used the foregoing details to establish the leasehold value of the Property.

Tenure 2.9 For purposes of this engagement, ownership rights to the Property is treated as **leasehold.**

Accommodation

Measurement 2.10 Based on the gross floor area tabulation provided to us by the client, the building has a total gross floor area of approximately **55,873.08 sq. m.**

2.11 The Gross Floor Area (GFA) is tabulated as follows:

Floor	GFA (sq. m.)
LG	2,101.24
GF	1,565.23
2F	2,116.90
3F	2,116.90
4F	2,116.90
5F	2,116.90
6F	2,082.81
7F	2,082.81
8F	2,082.81
9F	2,082.81
10F	2,082.81
11F	2,082.81
12F	2,082.81

[1] As of the date of this Valuation Report, application for the change in name from "Robinsons Realty and Management Corporation" to "RL Commercial REIT, Inc." is pending the approval of the Philippine SEC.

14F	2,082.81	
15F	2,082.81	
16F	2,082.81	
17F	2,082.81	
18F	2,082.81	
19F	2,082.81	
20F	2,082.81	
21F	2,082.81	
22F	2,082.81	
23F	2,082.81	
24F	2,082.81	
25F	2,082.81	
26F	2,082.81	
27F	2,082.81	

Total	**55,873.08**	**sq.m.**

Condition

Scope of Inspection

2.12 As stated earlier, we have previously inspected the Property.

2.13 As stated in the General Terms of Business, during our previous inspection, we have not undertaken a building or site survey of the Property, as it is beyond the normal scope of appraisal.

2.14 Unless otherwise stated, we have not been able to carry detailed on-site measurement to verify the site and gross floor areas of the Property and we have no reason to doubt the truthfulness of the areas shown on the documents provided to us.

2.15 Moreover, due to the nature of the machinery, we have not carried out mechanical inspection, and our assessment was based on the premise that the machinery is in a condition commensurate with age and normal usage.

2.16 Building Machinery & Equipment as covered by the valuation are as complete units i.e., machinery and/or equipment are meant to include all parts and accessories normally comprising the unit.

Comments

2.17 Apart from the matters specifically referred to below, we have assumed that the Property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.18 The buildings and structures, including the machinery & equipment, were assumed to be in a generally good condition commensurate with their age and use. It was also assumed that there are no urgent or significant defects or items of disrepair which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions 2.19 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building.

Services

2.20 It would appear from our previous inspection that main supplies of electricity and water are provided to the Property. Telephone communication facilities are likewise available. Sewer and drainage are believed to be discharged to the building's sewerage system.

Tenancies

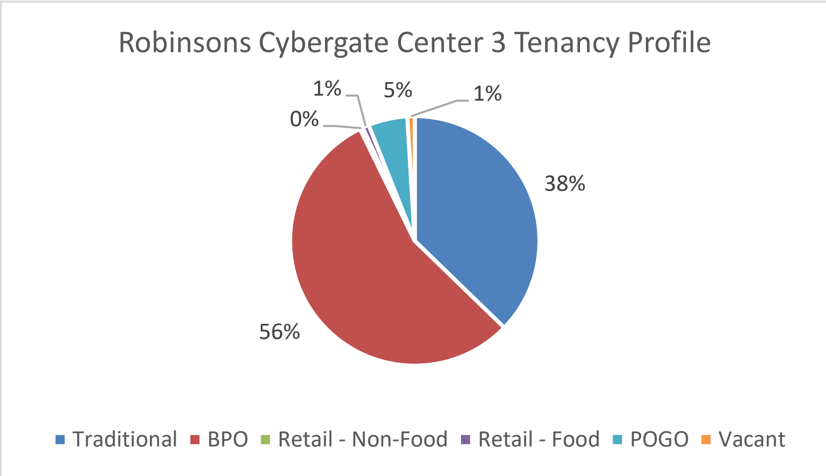
Tenancy Information 2.21 We have been provided with copy of some of the rent roll including some of the lease contracts by the Client and have relied on that information as being correct. No additional verification has been undertaken.

2.22 A summary of the Property tenancies is presented below.

TENANT	LEASED AREA (GROSS, in sq.m.)	Lease Contract Start	Lease Contract End
Tenant 1	84.73	09-May-13	08-May-23
Tenant 2	2,082.81	01-Mar-13	28-Feb-25
Tenant 3	1,180.51	01-Apr-14	31-Jan-22
	38.64	01-Apr-14	31-Jan-22
Tenant 4	178.57	30-Apr-16	29-May-21
Tenant 5	107.87	01-Apr-15	31-May-23
Tenant 6	64.10	16-Feb-11	15-Mar-23
Tenant 7	110.00	15-Jan-15	14-Apr-23
Tenant 8	181.55	01-Nov-19	31-Dec-24
Tenant 9	2,082.81	01-Aug-17	31-May-25
	2,082.81	08-Jan-08	31-May-25
	17.78	08-Jan-08	31-May-25
	2,082.81	08-Jan-08	31-May-25
	2,082.81	08-Jan-08	31-May-25
	2,082.81	08-Jan-08	31-May-25
Tenant 10	2,063.65	16-Aug-11	15-Aug-21
	2,082.81	16-Aug-11	15-Aug-21
	2,082.81	16-Aug-11	15-Aug-21
Tenant 11	2,082.81	16-Aug-19	15-Nov-24
Tenant 12	1,341.71	15-Sep-12	14-Sep-21
Tenant 13	261.78	16-Nov-17	15-Jan-23
Tenant 14	1,505.65	01-Aug-11	31-Oct-21
	458.39	15-Aug-17	31-Oct-21
Tenant 15	950.13	01-Aug-11	31-Oct-22
Tenant 16	70.00	01-May-16	31-Oct-22
Tenant 17	110.00	01-May-16	31-Oct-22
Tenant 18	1,121.93	01-Sep-15	30-Nov-21
	2,082.81	01-Dec-15	30-Nov-25
	2,082.81	01-Dec-15	30-Nov-25
	1,187.95	05-Jan-15	30-Nov-25
	894.86	01-Dec-15	30-Nov-25
Tenant 19	2,082.81	01-Aug-10	30-Nov-25
Tenant 20	2,082.81	20-Apr-09	19-Apr-23
Tenant 21	2,082.81	01-Jan-21	31-Dec-23
	927.11	01-Jan-21	31-Dec-23
	903.23	01-Jan-21	31-Dec-23
Tenant 22	902.30	01-Jan-21	31-Dec-25
Tenant 23	364.84	01-Jun-21	31-Aug-24

2.23 Based on the rent roll provided, total leasable area is **44,614.34** sq.m. with **178** parking slots available for lease.

2.24 The Property currently has a mix of traditional offices, Business Process Outsourcing (BPO) companies, Philippine Offshore Gaming Operators (POGOs) and some retail tenants. Based on the figure below which summarizes the tenancy profile of the Property, BPOs currently take up 56% of the Property's leasable area followed by traditional offices at 38% and the POGOs takes up around 5% of leased area.



Source: SKF/ RLC

2.25 As of 30 June 2021, the Property is 99% occupied with a Weighted Average Lease Expiry (WALE) of 2.66 years. Earliest period with an expiring lease is 2021 with 25% of total leased area, followed by 2022 with 5% of the leased area with expiring leases. Next period a sizeable leased area would be expiring would be in 2023 and 2025 with 15% and 49% of leased area respectively.

Source: SKF/ RLC

2.26 Below are some of the provisions as stated in the Lease Contract.

a. **Care of the Leased Premises**

The LESSEE shall at its expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises or other nuisances and, upon the expiration of the lease, shall return the premises and fixtures in as good condition as that in which they were actually found at the beginning of the lease, ordinary wear and tear excepted. The LESSEE shall not drive nails, screws, hooks or other abutments on or into the wall's frames or other portions of the premises or in any manner deface or damage any part thereof. Any damage caused by the LESSEE may be repaired by the LESSOR for the account of the LESSEE. The LESSOR shall have the right to require the LESSEE to remove any display or promotional matter, or any displayed merchandise which LESSOR reasonably and in good faith considers to be improper or inappropriate for the general appearance or presentation of the premises.

The LESSOR shall be responsible for major repairs which are limited to those which affect the structure of the Leased Premises or the building. The LESSEE shall allow access to the LESSOR on the Leased Premises for purposes of repair or remodelling or such other works as may be necessary for the preservation, conservation, improvement or decoration of the building or any part thereof. No compensation or claims shall be allowed against the LESSOR by reason of any inconvenience or annoyance to the LESSEE that may arise by reason thereof.

The LESSEE shall promptly repair, at its own expense, any damage to the Leased Premises or any other improvements within the building caused by bringing into the Leased Premises of any property for the LESSEE's use, or by the installation or removal of such property, regardless of who is at fault or who caused such damage. unless such was clearly caused by the LESSOR, or its agents or employees. In default of such repairs by the LESSEE, the LESSOR may affect the repairs and the LESSEE agrees to promptly pay the LESSOR the cost of such repairs. The LESSEE shall be responsible for the maintenance and repair of the Leased Premises including plumbing and electrical fixtures within the premises or those serving the same.

The LESSEE must notify the LESSOR immediately of any damage to the Leased Premises, their appurtenances as well as any occupation, usurpation or untoward act being committed, or threatened to be committed, within the Leased Premises.

No machinery, furniture, effect, equipment and other properties found within the Leased Premises, whether or not owned by the LESSEE, may be brought into or out of the building without the prior written approval of the LESSOR. Furthermore, in case the LESSEE has any outstanding/unsettled rent, dues or other charges, the LESSOR reserves the right to withhold approval of any request for bringing in or out of any machinery, furniture, effects or other properties found within Leased Premises, whether or not owned by the LESSEE, until such outstanding amounts have been duly settled by the LESSEE. This is without prejudice to such other rights and remedies available to the LESSOR under prevailing laws or the Contract. including these General Terms and Conditions.

The immediately preceding paragraph shall also apply in the event of transfer of machinery, furniture, effects or other properties found within the Leased Premises from one unit to another unit in the building being leased by the LESSEE whether or not the latter unit is owned by the LESSOR. In the event that the unit where the properties to be transferred is not owned by the LESSOR, the written consent of the unit owner shall also be required.

The LESSEE shall further maintain the Leased Premises in a clean condition by utilizing plastic bags for the disposal of both dry and wet garbage. Unless garbage is contained in plastic bags, it will not be allowed to be deposited in the authorized depository for collections.

b. **Sublease, Transfer of Rights**

The LESSEE shall not assign or transfer its rights in the Contract nor sublease or sublet all or any part of the Leased Premises, without the prior written consent of the LESSOR and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the LESSEE without such prior written consent. Otherwise, subleasing the leased Premises without the prior written consent of the LESSOR shall be deemed a breach of the contract by the LESSEE and shall be subject to the rights and remedies available to the LESSOR under prevailing laws and Contract, including these General Terms and Conditions. In the event of sublease with or without the prior written consent of the LESSOR, the LESSEE shall remain principally liable. However, the LESSOR shall have the right to exercise such remedies embodied in the Contract, the General Terms and Conditions and under prevailing laws, as against the sublessee in order to protect its right and interests.

Only the LESSEE has the right to use the Leased Premises as its official address to be registered with any government entities for the issuance of necessary permits and licenses for its business operations.

Should the LESSOR give the LESSEE its consent to sublease the Leased Premises, the LESSEE cannot sublease the Leased Premises for the period longer that the Contract of Lease between the LESSOR and the LESSEE.

It is expressly understood that the LESSEE has no goodwill or patronage rights over the Leased Premises; that such rights belong exclusively to the LESSOR, being the owner of the Leased Premises, which forms part of the building; and that the LESSEE may not sell or dispose of said goodwill or patronage rights to any person.

c. **Assignment of Rights/Mortgage/Encumbrance**

The LESSOR reserves the right to assign and convey or mortgage or otherwise encumber its rights to this lease in favor of any affiliate or subsidiary or to any party. In the event of any assignment, conveyance, mortgage, or encumbrance of the Leased Premises, the LESSOR binds itself to require the assignee or mortgage or beneficiary of the encumbrance to respect and abide by all the terms and conditions of the Contract, as well as these General Terms and Conditions.

Roadways and Access

Roadways

2.27 Pioneer Street is mainly 15 meters wide, concrete paved and provided curbs and gutter, cemented sidewalks and underground drainage system.

2.28 Our informal enquiries with the City Assessor's Office - Tax Mapping Division confirmed that the Property enjoys frontage along Pioneer Street.

Access

2.29 In reporting our opinion of value, we have assumed that there are no third-party interests between the boundary of the Property and the abutting roads and that accordingly the Property has unfettered vehicular and pedestrian access.

Environmental Considerations

Flooding

2.30 From our enquiries with the City Planning Office, we have ascertained that the Property is not within an indicative floodplain and that there is therefore a minimal risk of flooding.

Contamination

2.31 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Santos Knight Frank, Inc. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.32 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Property is unaffected.

Highest and Best Use

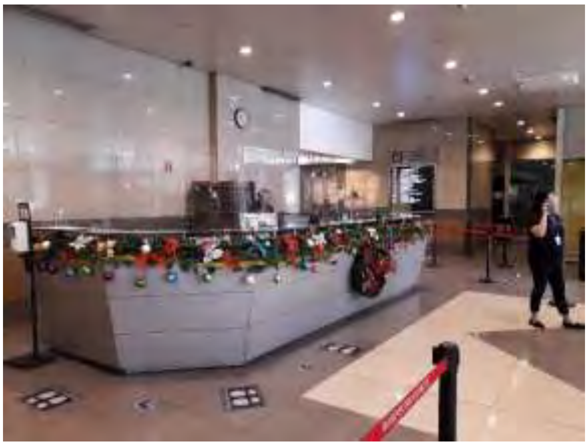
2.33 "*Highest and Best Use*" is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the Property is adapted and needed, or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

2.34 Considering the Property's size, shape, topography, current zoning classification and the prevailing land uses and development in the area, we are of the opinion that the **existing commercial development** would represent the highest and best use of the Property.

Photographs

(SKF File Photos)

Views along Pioneer Street



Reception Area

Elevator Lobby (Ground Floor)

2.35 Other photographs of the Property are attached at Appendix **4**.

3 Market Analysis

Philippine Market Commentary

3.1 Shown below is SKF's latest **Metro Manila Office Market Update**.

Source of Information

3.2 Our market analysis has been undertaken using market knowledge within Santos Knight Frank, Inc., enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

OFFICE RENT ROLLBACKS CUSHION INCREASING VACANCIES

General Overview

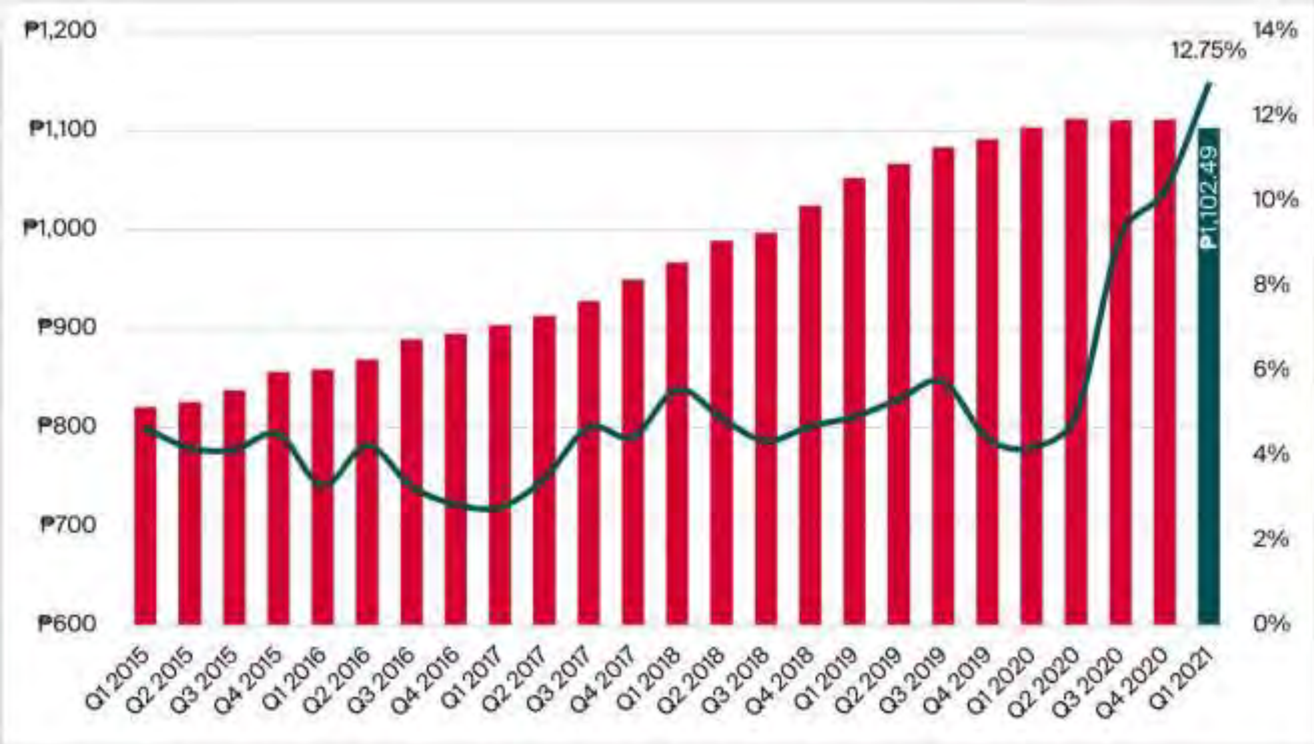
The Metro Manila office market displayed modest market movement at the start of 2021 owing to the sluggish demand driven by the market uncertainties caused by changing lockdown scenarios in Metro Manila. Landlords were challenged to remain relevant as potential occupiers continued to take a cautious approach caused by the growing COVID-19 cases and slow vaccine roll-outs.

Still, new office spaces were introduced during the quarter as developers capitalized on the relaxed quarantine measures to resume their halted construction activities. The local office market supply grew by 163,136 sqm of Grade A office space that mostly catered to IT-BPO companies. Several buildings were completed in Fort Bonifacio, Bay Area, and Quezon City, resulting in an overall office supply in Metro Manila of about 6.9 million sqm.

Consequently, supply growth resulted in an increase in vacancies throughout the metropolis. Office vacancy rates in Metro Manila further spiked to 12.75%, the highest since 2009. Current and potential occupiers remained vigilant towards the health situation of the country. Numerous companies continued to implement Work-From-Home and skeletal workforce arrangements. Office take-up contracted by 28,696 sqm as locators reassessed their need for spaces amid their bid to reduce operational costs.

Monthly average lease rates in Metro Manila further dipped to PHP 1,102.49 per sqm, declining by 0.78% quarter-on-quarter (q-o-q) and 0.07% year-on-year (y-o-y). The downward trend of rents was caused by the landlords' bid to provide more competitive packages to appeal to prospective tenants.

Figure 1. Metro Manila Historical Lease & Vacancy Rates



Source: Santos Knight Frank Research

Makati

The adverse effects of the pandemic and the prolonged lockdowns remained evident in the most prominent business district in the country. Vacancy rates spiked to 11.17%, considered to be the highest in the past ten years. Moreover, the expensive rents in Makati CBD were detrimental to the retention of office occupiers. Locators looking to minimize their expenses opted to discontinue their lease, resulting in about 25,557 sqm of office space vacated during the quarter.

Sluggish leasing activity persisted in the area as existing and upcoming locators in Makati were less willing to take up spaces due to the financial distress brought about by the global pandemic. The average monthly rents recorded in Makati went down to PHP 1,348.19 per sqm, contracting by 0.93% q-o-q and 6.05% y-o-y. Despite this, rates in Makati remained the highest in the metropolis.

Several property players are still looking forward to the materialization of their projects in the pipeline. More than 447,552 sqm of Prime and Grade A office supply are anticipated to come online in the next three years, with approximately 164,000 sqm being operational by the end of 2021. The massive influx of upcoming office developments in Makati comes from the backlogs and spillovers from 2019 up to the latter part of 2020.

Taguig

Slow demand in Taguig was also evident as vacancy levels continuously increased to 8.37% from 7.74% in Q4 2020. Despite having the largest supply share in Metro Manila of more than 2 million sqm, the downsized space requirements were seen as the factor in the rising vacancies as locators looked to lessen their operational cost. Moreover, average monthly rental rates in Fort Bonifacio also went down to PHP 1,289.75, translating to a contraction of 0.89% q-o-q.

The ease in quarantine measures allowed private and public projects to resume construction. Office supply in Fort Bonifacio further grew by 28,000 sqm through the completion of BGC Corporate Center 2. Despite the growing vacancy levels, potential developers still have bright prospects in Taguig as it was seen as the youngest but fastest growing business district in Metro Manila. In line with this, upcoming office supply is seen to be augmented by about 864,100 sqm of office space within the next five years. About 344,000 sqm of this will be coming from Arca South which is poised to become a new business district in the south.

Bay Area

The POGO industry exodus has significantly contributed to the spiking vacancy levels in the Bay Area during Q1 2021, recorded at 12.82%. Slower demand from the sector is seen in the coming periods as more firms have started to postpone their lease contracts. This occurrence implied challenges in the recently fast-moving office market of the Bay Area.

The upsurge in vacancy was also attributed to the completion of Four E-com during the quarter with an additional 89,132 sqm of Grade A office space. Priced above its competitors, this building has helped in pushing the average rents in the area to PHP 1,083.41 per sqm, increasing by 1.66% q-o-q.

The Bay Area is still foreseeing a huge amount of upcoming office supply in the coming years. Developers still recognize the opportunity to invest in the area due to its accessibility and availability of developable land. Approximately, 578,800 sqm of office developments are anticipated to be introduced in the market for the next five years, while 258,000 sqm are expected to become operational by the end of 2021.

Ortigas Center

Vacancy levels in Ortigas Center gradually eased to 12.75% in contrast to 12.88% of the preceding quarter. Despite this, pre-terminated contracts and non-renewals were still observed, as most of the companies are still on a wait-and-see approach towards the office market. Meanwhile, the slow-moving leasing transaction was also felt in the district as the rental rates went down to PHP 806.29 per sqm, contracting by 1.15% q-o-q and still considered the lowest as compared to other major CBDs in the metropolis.

Moreover, the upcoming office supply in Ortigas Center remained high as more than 671,000 sqm of Prime and Grade A office spaces are slated to introduce in the next five years. In addition, the massive influx of 373,000 sqm of space is scheduled to commence their operations within the year such as Cyber Omega, SM Mega Tower, and Jollibee Tower. This includes the spillover from 2019 up to the remaining quarters of 2020 that has been halted due to subsequent lockdowns.

Quezon City

Vacancy rates in Quezon City spiked up to 20.64% as opposed to 16.21% of the preceding quarter, indicating the highest level across all of Metro Manila. Approximately 13,690 sqm of office spaces were freed up in the city during the quarter. Occupiers in the area were more sensitive to the health crisis as compared to locators in other districts The lack of recognized established business districts and limited connectivity of certain townships contributed to the slow demand in the area. Furthermore, the upsurge in vacancy levels was also driven by the opening of SM North Towers 1 and 2 that added more than 45,200 sqm in the massive office supply in Quezon City, and are yet to lease out the majority of their spaces.

Office landlords are trying to alleviate this downtrend and are still vying to mitigate lease terminations. To this end, average headline rates contracted to PHP 925.55 per sqm, translating to a 1.81% decline from the preceding quarter.

Albeit the fast-growing vacancy levels, Quezon City is still expecting a large office supply boost in the coming years. Approximately, 333,700 sqm is anticipated to be introduced in the market in the next five years, in which more than 149,000 sqm will be coming from SM Prime Holdings.

Alabang

Similarly, Alabang CBD experienced rising vacancy levels in Q1 2021 at 16.07% from 14.53% in the preceding quarter. As a result, increased pressures on office landlords in the district were felt as they remain responsive to the slow movement in the office market. This caused rental rates to gradually contract to PHP 846.76 per sqm.

Alabang still holds on to the possibility of becoming one of the major investment hubs in the metropolis due to its vast developable land. Approximately 209,900 sqm of upcoming Grade A office space is anticipated to be operational in the next five years, while 13,800 sqm is slated to become operational by 2021.

Figure 2. Metro Manila Lease & Vacancy Rates per CBD

Source: Santos Knight Frank Research

Office Outlook

The easing quarantine measures that started in the second half of 2020 allowed the developers to restart their impeded construction activities. Developers remain bullish in expanding their office footprint in Metro Manila with more than 3 million sqm of office space are slated to operate in the next five years. The nation's economic center is also set to have an additional supply of 1.1 million sqm of Prime and Grade A office space by the end of 2021. This massive influx still stems from the construction backlogs from the developers in 2020.

The robust expansion of office supply in Metro Manila is seen to further propel the vacancy rates in the local office market in the coming quarters. Along with the stagnant office demand, downward pressure on office rents still expected. Office landlords will be forced to implement more flexible payment terms to existing and potential tenants to market their spaces and continue cash flow from their buildings.

The recovery of the office market is also dependent on the pace of vaccine roll-outs in the country. The slow pace in inoculations is seen to weigh down on the recovery of the market. Attaining herd immunity as soon as possible can reinvigorate the interest in the office market.

In the medium- to long-term Green Buildings are seen to gain a competitive edge compared to ordinary office buildings. Buildings accredited by the US Green Building Council (LEED) and the Philippine Green Building Council (BERDE) will be more sought-after for potential office locators. The efficient design that provides better air circulation, ventilation and filtration, and increased open space, will be more appealing to the market as it puts a premium on the health and well-being of its tenants.

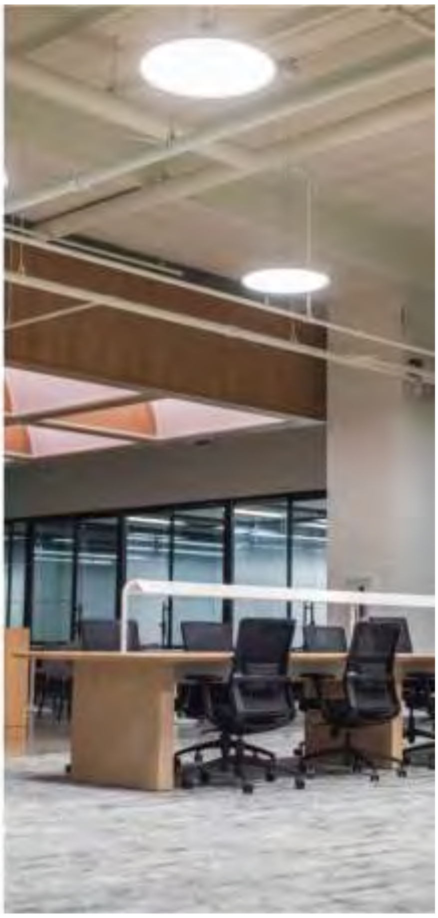
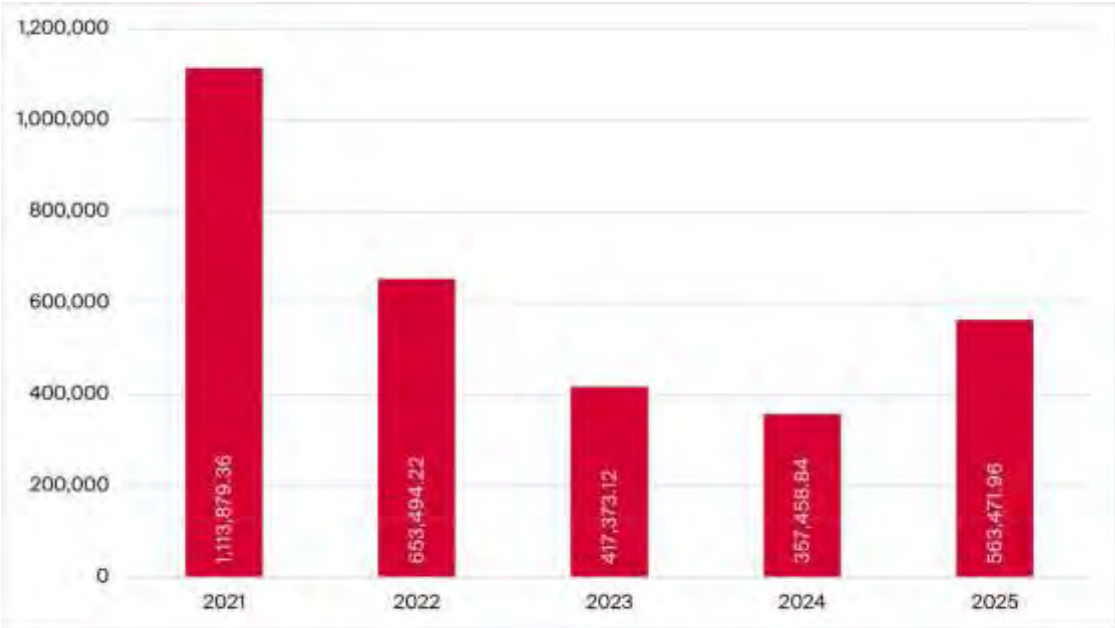


Figure 3. Metro Manila Office Pipeline



Source: Santos Knight Frank Research

4 Valuation Methodology

Valuation Rationale

4.1 The purpose of this appraisal is to estimate the Market Value of the Property. In any given valuation exercise, market value can be arrived at using either one or a combination of the three (3) approaches to value, namely: Market (or Direct Sales Comparison) Approach, Income Approach, and the Cost Approach. The determination of the appropriate approach for a given property is based on the quality and quantity of data available, particularly its relevance to the Property under appraisement. If more than one valuation approach is utilized, the resulting values are reconciled to produce a final value conclusion.

4.2 For purposes of this appraisal, since coverage is leasehold rights only, the Income Approach to value is deemed the most appropriate to use.

4.3 Based on the foregoing, we are to render our opinion on the following:

a) Leasehold Value of the Property
b) Market Value of the Property Using Income Approach

4.4 **Leasehold Value of the Property**

As mentioned, the Property subject of this appraisal is covered by a Lease Contract. In estimating the value of the Property covered by a lease, two interests are involved: the interest of the lessee which is the leasehold; and the interest of the lessor which is the leased fee or the lessor's interest. The client being the lessee, the purpose of this appraisal is to establish the leasehold value of the subject Property.

Leasehold Value is the present (discounted) worth of the rent savings (or rental gains) when the contract rent at the time of the appraisal is less than the current market rent. It is estimated by computing the present worth of the rental gains over the remaining term of the lease agreement using an appropriate discount rate.

The valuation process, briefly stated, consists of the following:

- Estimation of the current market rent of the leased Property;
- Estimation of the rental gains over the remaining term of the lease agreement, if any. Rental gains projection is pegged at 10 years while the 11^{th} year rental gain is used to estimate the terminal value of the Leasehold Rights on the Property;
- Estimation of an appropriate discount rate and terminal capitalization rate; and
- Discounting process based on an appropriate discount rate to arrive at an indicated leasehold value.

Market Rent of the Land

4.5 As mentioned earlier, this report renders an estimate of the Market Rent of the Property if it were to be leased out in accordance with its highest and best use.

The amount of annual or monthly rental, which the Property should command might be estimated by any, or a combination of the following:

1. By Market (Comparison) Approach, in which rentals of similar properties are used a benchmark; and
2. By Income Approach, in which the value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

On the other hand, Market Rent is defined under IVS 2019 as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

It is the rental income that the Property would most likely command in an open market. It is also defined as being the amount at which a willing lessee would pay and a willing Lessor would receive for the use of certain property, neither being under compulsion to transact, and both having reasonable knowledge of all relevant facts.

Market Approach

4.6 We have made a survey of existing ground leases of similar lands in the vicinity of the Property and found scarcity of rental data that may be used for direct comparison purposes.

Income Approach

4.7 In the absence of any comparable rental data, we have estimated the **Market Rent** of the Property by a variation of the Income Approach on the basis of what prudent real estate investors or property owners would be warranted in leasing it in order to realize a fair return on their investment or property, for that matter. Under this approach, the market value of the Property is first established, and the proper capitalization rate is applied to obtain its rental value.

Market Value of the Land

4.8 In valuing the land, we made use of the Market Approach which is the most common technique for valuing land, and is the most preferred method when comparable sales are available. With this method, sales of similar property or parcels of land are analysed, compared, and adjusted to provide a value indication for the Property being appraised. The comparison process is based on an analysis of the similarity or dissimilarity of the comparables.

4.9 The appraiser gathers data on actual sales as well as listings and identifies the similarities and differences in the data; ranks the data according to their relevance; adjusts the prices of the comparables to account for the dissimilarities with the land being appraised; and forms a conclusion as to the most reasonable and probable market value of the subject Property.

4.10 The elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), location, physical characteristics, available utilities, and zoning. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography, location, and view. The units of comparison applied may be hectares or sq.m., or any other unit used in the market.

Evidence of comparable properties

4.11 **Analysis of Comparable Properties Offered for Sale**

In the course of our investigation, we looked at current market listings of comparable properties in the area. The comparable properties selected share the same or similar characteristics as the subject. Whatever information or data we came up with was then analysed, and comparison made for such factors as size, characteristics of the lot, location, quality, and prospective use. In the Philippines however, property transactions are not officially disclosed, and quite often, actual transaction price is masked by other undisclosed arrangements and different from the figure shown on the sale and purchase agreement. We have therefore made reference to the following data, made our market judgment, and adjusted for the above-mentioned factors:

1. A commercial lot with an area of 864 sq.m. located along EDSA extending to Sierra Madre Street, beside Richville Hotel, within Barangay Highway Hills, Mandaluyong City, is currently offered for sale at an asking price of PhP275,000,000 or about PhP318,287 per sq.m.
   Source: Avelina Panes-Acuna – 0917.249.5588

2. A commercial lot with an area of 2,306 sq.m. located along Shaw Boulevard, within Barangay Bagong Silang, Mandaluyong City, is currently offered for sale at an asking price of PhP853,220,000 or about PhP370,000 per sq.m.
   Source: Kenneth Endaya – 0936.110.9325

3. A commercial lot with an area of 300 sq.m. located along Shaw Boulevard, within Barangay Kapitolyo, Pasig City, is currently offered for sale at an asking price of PhP75,000,000 or about PhP250,000 per sq.m.
   Source: Joanna Aggusi – 0936.951.0219

Summary of Adjustments

The Data Comparison Grid shown on Appendix **8** shows a summary of the aforementioned adjustments, which provides an indication as to the degree of adjustment made to the different elements in comparison. A numeric indicator indicates the level of adjustments, in terms of percentage when compared with the subject property. The use of (-) indicates a negative adjustment and a + indicates a positive adjustment. A downward adjustment (-) used is made to reflect superior characteristics of the comparable sale/listing, while an upward adjustment + reflects inferior characteristics of the comparable sale/listing. Finally, a 0 is used to confirm similarity between the comparable sales/listings and the subject or is used when market information is unavailable or does not support an adjustment for any particular element of comparison.

Value of the Land

4.12 As reflected in the said Comparison Grid, the value of the land is estimated at **PhP218,000 per sq.m.**, or a total of, say, **PhP563,000,000** for a land area of **2,582 sq.m.**

Market Value of the Improvements

4.13 The estimate of the improvements can be either replacement or reproduction cost, new. Replacement Cost, New is defined as "The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout." On the other hand, Reproduction Cost, New is defined as "The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."

In estimating the Replacement Cost of the buildings and improvements, we have made reference to the building cost index or other building cost as available in the market or published by a reputable quantity surveyor firm. We have likewise referred to our own database of building construction costs. We do not hold ourselves to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. It is recommended that a professional quantity surveyor or a firm of professional quantity surveyors should be consulted in order to assess an accurate building/improvement replacement cost.

In arriving at our assessment using the Cost Approach for the Equipment, we first developed the Replacement Cost, New ("RCN") of the asset. In developing our RCN, we have obtained current cost information from equipment dealers in the region. We relied on data furnished by equipment manufacturers, dealers and importers, as well as information contained in price catalogues, other published materials including the Internet and inquiries from local suppliers.

RCN is the estimated amount of money needed to acquire a similar new item having the nearest equivalent utility as the Property being valued taking into consideration current prices of materials and manufactured equipment, shipping and handling, labour, contractor's overhead, design and supervision, profit and fees, and other attendant costs associated with its acquisition and installation, but without provision for overtime or bonuses for labour and premium for materials.

Having developed the RCN, we then deducted for the various elements of depreciation to arrive at the Depreciated Replacement Cost ("DRC"). DRC includes depreciation allowance or loss of value arising from condition, utility, age, wear and tear, and obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

General
Where elements are of foreign origin, the assessment process give full consideration to all expenditures normally incurred in importation such as packing and crating charges, inland and ocean freight, insurance, duties and taxes, bank charges and commissions, wharfage, brokerage and handling.

In estimating the depreciation of the assets, we have utilized the age-life method tempered with our observed condition of the assets.

Value of the Improvements and Equipment

4.14 Based on the foregoing, the value of the improvements and equipment may be summarized as under:

	Market Value
Cybergate Tower 3 Building	PhP1,125,400,000
Building Machinery & Equipment	264,215,000

Total	**PhP1,389,615,000**

Rate of Return

4.15 The value of the Property having been established, its rental value may now be estimated considering the prevailing rate of return prudent investors or Property owners would expect in leases, normally in the range of 4% to 7%. We based this range of rate of return from interviews with property owners and brokers, as well as our analysis of the relationship between prevailing capital values and rental rates and it is believed to be the current yield in the commercial lease market.

Considering the most recent pandemic and the effect it had on the economy and the leasing market, we have not adopted the average rate of return, and have instead adopted a conservative interest rate (return on investment) of 4% on both the land and the improvements. We then added a recapture rate (return of investment) for the improvements. The Recapture Rate takes into consideration the remaining economic life of the improvements or the estimated number of years the investor (or owner) needs to recoup the cost of its investment before the improvements outlive its usefulness.

In light of the foregoing, our estimate of the Market Rent of the Property is as follows:

	Area	Market Value	Annual Rate of Return		MARKET RENT	
					Annually	**Monthly**
Land	2,582.00	563,000,000	4.00%		**22,520,000**	**1,876,667**
Improvements and Equipment	55,873.08	1,389,615,000	7.51%		**104,343,000**	**8,695,250**
					-------------------	------------------
					126,863,000	**10,571,917**
					==========	=========

Market Rent of the Property

4.16 On the basis of the foregoing, the Market Rent of the Property is estimated at **PhP10,571,917 per month**, or say, **PhP126,863,000 per annum.**

Rental Gain

4.17 Rental Gain is reckoned as the difference between the Market Rent and the Contract Rent.

Discount Rate

4.18 The discount rate was computed using the build-up method. The discount rate is calculated by adding together different variables. The variables that were used to generate it consist of a risk-free rate and a reasonable risk premium. Based on the foregoing, discount rate is estimated at 8.8665%, or say, 9.0% (10-year T-bond rate at about 3.9165% (from Philippine Dealing & Exchange Corporation (PDEx) as of 30 June 2021) plus 3% equity risk premium from OECD and additional 0.25% risk premium for unidentifiable risk factors which include the uncertainty brought about by the Covid-19 global pandemic, plus 0.80% management risk and 0.90% liquidity risk).

Risk Free Rate

For purposes of this valuation, we have adopted, as risk-free rate, the 10-year T-bond rate from PDEx. The Philippine Dealing & Exchange (PDEx) system appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEx. The PHP BVAL Reference Rate dated 30 June 2021 was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
1M	0.8981	0.9165
3M	1.1717	1.1754
6M	1.4023	1.4000
1Y	1.6028	1.6037
2Y	1.9521	1.9525
3Y	2.3365	2.3422
4Y	2.6901	2.6944
5Y	3.0167	3.0180
7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.19 We have adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: 25 June 2021

			Classification		
nb	Country Code ISO Alpha 3	Country Name (1)	Previous	Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

4.20 The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Capitalization Rate

4.21 Capitalization rate adopted to arrive at the terminal value is 4.5% (Discount Rate less Projected Long-term Growth Rate (4.5%). The long-term growth rate is based on a growth forecast of the prevailing commercial market over the forecast period. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market.

Remaining Life of the Lease

4.22 Remaining life of the lease as of the date of valuation is 99 years.

Summary of Leasehold Assumptions

4.23 In summary, below are the assumptions/statistics used in determining the leasehold value of the subject land.

CYBERGATE TOWER 3			
Lease Details			
Lot Area	:	2,582.00	sq.m.
Term of Lease	:	99	years
Assumed Commencement Date	:	01-Oct-21	
Lease Rate	:	7%	of net leasing revenue
Market Rent (in PhP)			
Monthly Rent	:	10,571,917	/sq.m./ month
Annual Rent	:	126,863,000	
Annual Escalation	:	3%	starting Y2
Discount Rate			
Risk Free Rate		3.92	as of June 30, 2021 (BVAL PDEX)
Risk Premium		3.00	as of June 25, 2021 (OECD)
Management Risk		0.80	
Liquidity Risk		0.90	
Additional Risk		0.25	risk premium for unidentifiable risk factors
		8.87	
Resulting Discount Rate, say		9.00%	
Terminal Capitalization Rate		4.50%	

Leasehold Value

4.24 On the basis of the foregoing, the leasehold value of the Property may reasonably be estimated at **PhP1,995,000,000**.

We attach a copy of our valuation calculations at Appendix **5**.

Income Approach

Definition 4.25 The Income Approach is applicable to the valuation of income producing properties, business enterprise as well as the valuation of intangible assets. This approach measures the current value of an asset by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment.

For this particular engagement, we have applied both the Discounted Cash Flow Analysis and the Direct Capitalization Method.

Discounted Cash Flow Analysis 4.26 The discounted cash flows, or DCF valuation is the most popular fundamental approach in valuing the future economic benefits of a projected income stream. DCF measures actual yield rather than paper income for the asset/business owner and the analysis of DCF is widespread and mandatory in the various fields of business making DCF-based valuation ideal.

4.27 The valuation process, briefly stated, consists of the following:

- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate;
- Discounting process using an appropriate discount rate to arrive at an indicative market value; and
- Estimation of the Terminal Value of the Property.

Discount Rate 4.28 The discount rate was computed using the build-up method - calculated by adding together the different variables. The basic formula for the traditional build-up model is:

Discount Rate = Rf + P + MR + LR

Where	Variable	Proxy Statistic
Rf	Risk Free Rate	PDEX Risk Free Rate
P	Equity Risk Premium	Country Risk
MR	Management Risk	
LR	Liquidity Risk	

The variables that were used to generate the Discount Rate are exhibited in the table below, along with the sources and/or dates as at or nearest the 30 June 2021 valuation date.

Risk Free Rate (10Y)	3.92%	As of 30 June 2021, BVAL PDEX
Equity Risk Premium	3.25%	As of 25 June 2021, OECD
Management Risk	0.80%	
Liquidity Risk	0.90%	

4.29 The following assumptions were used to arrive at the Discount Rate using the Build-Up Method.

Risk Free Rate

4.30 For the purposes of this valuation, we adopted the 10-year bond rate sourced from Philippine Dealing & Exchange Corporation (PDEX) as of 30 June 2021 - the valuation date (image shown below). The Philippine Dealing Exchange (PDEx) system has recently appointed Bloomberg as technology partner for the electronic trading and surveillance system for the government and corporate bonds traded in its market. PHP BVAL Reference Rates replaced the PDST Reference Rates which were then calculated and published daily by PDEX. The PHP BVAL Reference Rate was used for this valuation exercise.

Tenor	BVAL Rate Today	BVAL Rate Previous Day
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7Y	3.5098	3.5138
10Y	3.9165	3.9205
20Y	4.9661	4.9643
25Y	4.9640	4.9633

Equity Risk Premium

4.31 We used an equity risk premium of 3.25%. We adopted the country risk premium estimated by the Organisation for Economic Co-operation and Development (OECD) at 3% plus an additional 0.25% risk premium for unidentifiable risk factors. The Country Risk Classification Method measure the country credit risk and is based on two components: the Country Risk Assessment Model which produces a qualitative assessment of the country credit risk based on the payment experience of the participants, their economic and financial situation; and the qualitative assessment of the Model which considers the political risk and other risk factors. Shown below is an excerpt of said table.

Country Risk Classifications
of the Participants to the Arrangement on Officially Supported Export Credits
Valid as of: **25 June 2021**

nb	Country Code ISO Alpha 3	Country Name (1)	Classification: Previous	Classification: Current Prevailing	Notes
138	PLW	Palau	-	-	(5)
139	PAN	Panama	4	4	(8)
140	PNG	Papua New Guinea	6	6	
141	PRY	Paraguay	5	5	
142	PER	Peru	3	3	
143	PHL	Philippines	3	3	
144	POL	Poland	-	-	(6)
145	PRT	Portugal	-	-	(6) (7)

Management & Liquidity Risk

The Management Risk refers to the estimated premium to compensate for the burden of management, while the Liquidity Risk refers to the ease (or the difficulty) with which an investment can be sold or made. A review was done and we have arrived at the following: Management Risk was classified into four categories, with the corresponding rates: Poor – 1.2; Average – 1.0; Above Average - 0.90 and Excellent - 0.80 while Liquidity Risk has three (3) categories: Poor –1.2; Average – 1.0; and Good – 0.90. After the said review, we deemed it appropriate to use 0.80% for Management Risk and 0.90% for Liquidity Risk.

Resulting Discount Rate

4.32 Resulting Discount Rate used for this valuation is 8.87%, or say, 9.0%.

Capitalization Rate

4.33 A discount rate is used to calculate the present value of future projections of a benefit stream when growth varies from year to year. However, if growth is estimated to remain level throughout the life of the investment, a capitalization rate is often used. In its most basic form, the relationship between discount rate and a capitalization rate can be summarized as follows:

Capitalization Rate = Discount Rate – Growth

For purposes of this valuation, a long-term growth rate of 4.5% has been assumed. This is based on what the Property is perceived to achieve in the long-term considering the present situation of the market. Using this assumption, resulting Capitalization Rate would be 4.5%.

Key Financial Assumptions

4.34 We relied on the historical and projected assumptions brought about by our research and as provided by the client. These financials were analysed to ensure reasonableness by comparing projected revenue growth rates and other operating expenses based on historical performance. Based on interviews with the representatives of the company, projections were prepared to reflect the current and expected future market conditions.

a. **Revenues**

i. Cashflow projection starts in 01 July 2021 and runs for a period of 10 years.

ii. The revenues come from the rental of retail units, office units and parking slots. In estimating the annual rents of the subject units/slots, we have adopted the contract rents as appearing in the copy of the rent roll provided to us by the client for the occupied units/leased parking slots. After the expiration of lease, lease rates then are aligned with market rates and are assumed to have an average of 4-year lease contracts. Aside from the monthly rentals from leasable areas, revenues likewise include Management and Aircon Dues which are likewise charged to the tenants monthly on a per sq.m. basis. Management dues are for common and/ or shared utilities, facilities and

services. These are inclusive of air-conditioning equipment rental during office hours (but exclusive of power consumption).

iii. It would be important to note that as the building administrators, they collect the said dues as a cost recovery mechanism for all expenses related to the day-to-day operations of the building and its common areas.

iv. Occupancy assumptions were based on the actual performance of the Property as well as the prevailing trend in the subject area taking into consideration the forecasted effect of the global pandemic in the office market. Occupancy of the Property as of valuation date is at 99% while the historical average performance of the Property for the last two years is at 99%. Occupancy rates include committed leases. For this valuation exercise, we are assuming an average overall vacancy allowance of 3%. This assumed vacancy allowance for the whole cashflow period is used to account for unanticipated vacancies brought about by early terminations and non-renewals, and rental concession requests from tenants.

v. We used actual escalation rates indicated in the rent roll for all existing leases up until their lease expires. After which, an average escalation of 5% was then be applied year on year until the end of the cash flow.

b. **Cost & Expenses**

i. Operating Expenses which would include administrative and utility expenses are normally charged against the Common Use Service Area (CUSA) Fees or Association Dues being collected monthly to the individual tenants. However, there are instances when CUSA funds are insufficient to pay off all common charges. If and when this happens, the owners/administrators would have to pay off these expenses and this has been taken into consideration in the projections.

ii. Operating Costs and Expenses are assumed to be an average of approximately 16% of the Total Net Revenues. Operating costs and expenses included are basically divided in to two – real estate expense and general administrative expenses. Real Estate expenses are as follows: contracted services, repairs & maintenance, management fee and loss from CUSA and miscellaneous expenses. While under General Administrative Expense are – salaries & wages, taxes and licenses, advertising & promotions, commission, insurance, communication, rent expense, supplies, travel & transportation, and representation & entertainment expenses.

These expenses are projected either as a percentage of the rental revenues or the total net revenues. These percentage allocations were from the historical and projected performance of the Property.

iii. Annual Capital Expenditures (CAPEX) for the entire cashflow period, on the other hand, was assumed to be 1.5% of the Net Leasing Revenues. This assumption is based on benchmarking and analysis of current market practice in allocating CAPEX reserve.

This allocation would help ensure that the Property would operate efficiently and maintain its good and sound condition.

Resulting Market Value

a. Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the whole duration of the cashflow shall be discounted at the derived Discount Rate of 9.00%.

b. The sum of discounted cashflows including the Terminal Value of the Property represents the Market Value of the Property.

The Terminal Value of the Property is the value of the property beyond the explicit forecast period. It is assumed that the property or business will continue to generate cashflows in perpetuity. As mentioned earlier, Terminal Capitalization Rate used is 4.5%.

The Discounted Cashflow showing the estimated Market Value of the subject Property is attached as Appendix **6**.

Direct Capitalization Method

4.35 The Direct Capitalization Method is a real estate valuation method that helps convert a single year's income into value by dividing the Net Operating Income with an appropriate Capitalization Rate. This method assumes that the Property has a stabilized net operating income. All parameters of a typical investor return expectations are represented either explicitly or implicitly in either income forecast or the capitalization rate. The direct capitalization rate, as the ratio of income to value, serves as a proxy for investor return assumptions.

Resulting Market Value

4.36 We made use of the single year's cashflow projection (2022) to derive the Market Value using the Direct Capitalization Method. Capitalization rate adopted to arrive at the Property Market Value is 4.5%.

Valuation basis

Market Value

4.37 Market Value is defined in the 2019 **International Valuation Standards** as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

Valuation date

4.38 The valuation date is **30 June 2021**.

General Assumptions

Assumptions

4.39 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Letter of Engagement and within this report.

Key Assumptions

4.40 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to a key assumption that we relied on a very considerable extent on the information provided by the Client and have assumed that documents provided to us such as gross floor area tabulation, floor plans, lot area allocation, building tenancies and other relevant matters are factual. We were also advised by the Client that no material facts have been omitted from the information provided.

Special Assumption

4.41 We were instructed to re-value the Property without a re-inspection. We have, thus, considered changes to the physical attributes and/or characteristics of the Property which have occurred between the valuation date and the date of our previous valuation as confirmed by the Client. We have no reason to doubt the truth and accuracy of the information. We were also advised that no material facts have been omitted from the information provided.

4.42 We have adopted the floor area details provided to us by the client and have assumed these to be accurate.

4.43 We were not provided with a Lot Plan where Robinsons Cybergate Tower 3 is erected. For purposes of this valuation, the land is assumed to be rectangular in shape.

4.44 For the Machinery & Equipment servicing the building, we have made the following assumptions -

We have not carried out a full mechanical survey, or structural test, nor have inspected the machinery and equipment, which are covered, unexposed or inaccessible. Our assessment is based on the premised that the items are in a condition commensurate with age and usage.

Machinery & Equipment associated with the supply of services to the building such as Elevators, Air Conditioning Systems are valued on the assumption that they are permanently installed or attached to the building.

4.45 In applying Income Approach to value, we have considerably relied on the information provided to us by the Client which includes the following: lease contracts, revenue and expense projections, historical and projected occupancies. Upon expiration of contracts, we estimated the lease rates based on the acceptable escalations in the market.

4.46 Given the 99-year leasehold, we assumed that the Property is comparable to a freehold property given the duration of the leasehold interest on the Property. Thus, a terminal value of the Property was computed at the end of the cashflow.

Valuation Results

Leasehold Value 4.47 The Leasehold Value of the Property is estimated at: **PhP1,995,000,000**.

Market Value Using Income Approach 4.48 Using the **Income Approach** on the other hand, the Market Value of the Property is estimated as follows:

DCF Analysis	**PhP7,873,000,000**
Direct Capitalization Method	**PhP9,364,000,000**

Calculation 4.49 We attach a copy of our valuation calculations for the Income Approach at Appendix **6** and **7**.

Comments 4.50 The values arrived at using the Income Approach are noted to be higher than the value arrived at using the Cost Approach. This is because, unlike the Income Approach, the Cost Approach does not capture the income potential of the Property.

4.51 For purposes of this valuation, we deemed it appropriate to adopt the results arrived at by the Income Approach – DCF Analysis, since this method is usually used to determine the value of an income-generating property, as it also captures the Property's future economic benefits, giving a better representation of the Property's Market Value at an acceptable rate of return that would compensate for the risks associated with the particular investment. It likewise takes into consideration market cycles that Direct Capitalization Method cannot capture.

Conclusion of Value 4.52 In conclusion, we are of the opinion that the Market Value of the Property, reckoned as of **30 June 2021**, is:

PhP7,873,000,000 (SEVEN BILLION, EIGHT HUNDRED SEVENTY-THREE MILLION PHILIPPINE PESOS).

***Note**: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Philippines, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of "material valuation uncertainty" per IVS 103 of the International Valuation Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.*

Value forwarded ……………………………….PhP7,873,000,000

Signatures

For and on behalf of
SANTOS KNIGHT FRANK, INC.

JESUS CONSTANCE M. CASTRO, CPV®
Associate Director
Licensed Real Estate Appraiser
PRC Reg. No. 423
Date Issued and Validity: 04/14/2011 - 12/22/2022
PTR No. 8533465 – 01/05/2021; Makati City
TIN 185-543-916

JACQUELINE T. GUERTA, CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 949
Date Issued and Validity: 07/19/2011 - 05/04/2023
PTR No. 8533467- 01/05/2021; Makati City
TIN 901-308-499

Reviewed (but not undertaken) by:

WENCESLAO D. FUENTES, JR., CPV®
Director
Licensed Real Estate Appraiser
PRC Reg. No. 422
Date Issued and Validity: 08/20/2020 - 04/15/2023
PTR No. 8533463 – 01/05/2021 Makati City
TIN 117-704-257

Appendix 1 - Assumptions, Limiting Conditions and Disclaimers

Basis of Value	Our valuation is made on the basis of **Market Value** which is defined under IVS 2019 as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would affect the value of the Property. It is further assumed that title to the property is good, marketable and free from liens and encumbrances, and that fee simple ownership is transferable. The values shall be free and clear of all mortgages, without regard to VAT payments, gains taxes, transfer taxes, recording fees, etc. and expressed in the local currency (PhP). No allowances are to be made for any disposal costs or liabilities, or for taxation upon sale.
Property Rights appraised	The rights appraised in this report are the property rights in fee simple, free and clear. "Fee simple" is defined as absolute ownership, without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation. We assume that the fee simple interest is marketable and in compliance with the applicable laws of the Philippines.
Fractional Interests:	When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole. When the valuation report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other valuation/appraisal and will be invalid if so used.
Assumptions:	The valuation is based on the condition of the economy and the purchasing power of the Philippine Peso as of the effective date of valuation. We have assumed that the floor areas provided us have been calculated in accordance with engineering standards, and assumed herein to be true and correct. Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.
Information Supplied By Others	Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser. Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.
Legal Issues:	This valuation assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this valuation is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the valuation to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded. The appraiser is not required to give testimony or attendance in court by reason of this valuation, with reference to the property in question, unless arrangements have been previously made.
Liability:	The liability of Santos Knight Frank, Inc. and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third party is accepted. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
Environmental Conditions:	It is assumed that there is full compliance with all applicable Philippine environmental regulations and laws unless non-compliance is stated, defined, and considered in this appraisal report.
Town Planning:	It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
Condition of Improvements:	We have inspected the improvements and structures. However we have not carried out a structural survey nor tested any of the services or facilities, nor have we inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free from defect, rot, infestation, asbestos or other hazardous material. We have therefore, viewed the general state of repair of the property and advise that we did not notice any obvious signs of structural defect or dilapidations. Furthermore, the property appears to be in reasonable condition having regard to its age and use and unless otherwise stated. We also assume that the building complies with all relevant statutory requirements in respect of matters such as sanitary, building and fire safety regulations and standards.
Valuation Methodology:	In estimating Fair Value for financial reporting purposes, we still adopted the same Valuation techniques by using any one or the combination of the three (3) Approaches to Value, namely: Market Data (or Direct Sales Comparison) Approach, Cost Approach, and the Income Approach. Briefly described, the Market Data (or Sales Comparison) Approach considers prices recently paid and/or offered for similar items of property with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to market comparatives. The Cost Approach considers the cost to reproduce or replace the property appraised with new assets of like kind, and from this amount an allowance is deducted for depreciation arising from physical deterioration or obsolescence, whether from functional or external causes. In the Income Approach, an estimate is made of the prospective economic benefits of ownership into the future and these benefits are discounted to its present worth or capitalized into an indication of value.
Others:	This report and valuation shall be used only in its entirety and no part shall be used without the whole report. It may not be used for any purpose other than the intended purpose mentioned herein. Possession of this report or any copy thereof does not carry with it the right of copying or publication. All copies will originate from Santos Knight Frank, Inc. and will be signed and dated as such. Neither the whole nor any part of the report or any reference to our name, our valuation and our report may be included in any document, circular or statement nor published without our prior written consent to the form and context in which it may appear. The delivery and acceptance of this report completes this assignment.

Appendix 2 - Letter of Engagement

A Proposal to

ROBINSONS LAND CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

21 September 2020

PRIVATE & CONFIDENTIAL
Our ref: L20-0827-224-3R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Terms of Engagement for Valuation Services**

Dear Mr. Go:

Thank you for your interest in our Valuation Services. We refer to your invitation of 03 August 2020 requesting Santos Knight Frank, Inc. ("SKF") to submit a proposal for valuation (the "Valuation") in respect of the properties detailed below (the "Properties").

This proposal, together with our General Terms of Business for Valuation Services ("General Terms"), sets out our terms of engagement for carrying out this instruction. Once agreed and signed, this proposal shall constitute our Letter of Engagement ("Letter"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed to us in writing. To the extent that there is any inconsistency between the Letter and the General Terms, this Letter shall take precedence.

1. **Client**

   Our Client for this Valuation is Robinsons Land Corporation (the "Client", "you" or "your").

2. **Purpose of Valuation**

   The Valuation is provided solely the purpose of transferring some of the Client's assets to the REIT Company and its application for a Tax-Free Exchange Ruling with the Bureau of Internal Revenue and listing of the REIT Company in the Philippine Stock Exchange (the "Transaction"). Specifically, the Valuation will be used for the Client's Financial Statements to be attached to the Offering Circular as required by the Securities and Exchange Commission (SEC) and will be attached as an appendix to the Client's REIT Plan. In accordance with clause 4.1 of our General Terms, the Valuation may not be used for any other purpose without our express written consent. The Valuation will be made accessible in the public domain as part of the regulatory requirements of the Transaction.

3. **Term & Termination**

   This appointment will commence upon signing of this Agreement and shall continue to be in effect for a period of two (2) years. Any extension of the Term of this Agreement shall be mutually agreed upon by the parties in writing.

23. **Electronic Communication**

During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus-or error-free and information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete, or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each party will be responsible for protecting its own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

24. **Acceptance**

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and / or refrain from discussing it with you until this Letter has been countersigned and returned.

Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and / or the terms of the Agreement, please let us know before signing this Letter.

Thank you for choosing Santos Knight Frank, Inc. and we look forward to working with you on this important engagement.

Sincerely,
SANTOS KNIGHT FRANK, INC.

By:

MABEL L. LUNA, CFC®
Director & Head of Valuations
Mabel.Luna@santos.knightfrank.ph
M (63-917) 865 3712

Approved and Agreed to by:
ROBINSONS LAND CORPORATION

By:

MR. FREDERICK D. GO
President & Chief Executive Officer

Noted by:

CELIA N. ROCAMORA
Operations Director

Santos Knight Frank

Santos Knight Frank

A Proposal to

ROBINSONS LAND
CORPORATION

For Valuation of Properties

T: +632 752 25 80 • F: +632 752 2571
10th Floor Ayala Tower One & Exchange Plaza, Ayala Avenue, Makati City 1226 Philippines
www.santosknightfrank.com

Newmark Knight Frank Global

01 June 2021

PRIVATE & CONFIDENTIAL
Our ref: L21-0528-165R

ROBINSONS LAND CORPORATION
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City

Attention: **MR. FREDERICK D. GO**
President and Chief Executive Officer

Subject: **Amendment to Terms of Engagement and General Terms of Business for Valuation Services Dated 03 August 2020 ("Amendment")**

Dear Mr. Go:

We refer to subject Letter of Engagement and General Terms of Business for Valuation Services (together, the "Agreement") between Robinsons Land Corporation (the "Client", "you" or "your") and Santos Knight Frank, Inc. ("SKF") for the valuation of fourteen (14) office buildings (the "Covered Properties").

For this purpose, the Agreement is amended as follows:

The first, second, and third and fourth paragraphs shall now read:

For the Valuation

I. Valuation for Asset Transfer to REIT Company and its application for a Tax-Free Exchange Ruling:

For Valuation Update

II. Valuation of Properties for REIT listing to PSE:
Our Valuation of 14 Properties will be as follows:
1. Valuation for 4 Properties
2. Periodic Update of 14 Properties
Under REIT Company (Quarterly basis – optional)
3. Valuation Update of 14 Properties under REIT Company

Except as amended hereby, all the provisions of the Agreement which are not inconsistent herewith are incorporated herein by way of reference and from date hereof, the Agreement and this Amendment shall be read as one integrated document.

Kindly affix your signature on the conforme portion below and return one (1) original signed copy to us.

Sincerely,	Approved and agreed to by:
SANTOS KNIGHT FRANK, INC.	**ROBINSONS LAND CORPORATION**
By:	By:
MABEL I. LUNA, CFC®	**FREDERICK D. GO**
Senior Director & Head	President & Chief Executive Officer
Valuation and Advisory	Date ______________________
Mabel.Luna@santos.knightfrank.ph	
M (63-917) 865 3712	

Noted by:

CELIA N. ROCAMORA
Operations Director

Proposal for Valuation Service: **ROBINSONS LAND CORPORATION**

Appendix 3 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our Letter of Engagement (the "**Letter**"), together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, advance report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Santos Knight Frank, Inc.

1.1. Santos Knight Frank, Inc. ("**Santos Knight Frank**", "**our**", "**us**", "**we**") is a Philippine corporation with Securities and Exchange Commission (SEC) Registration Number A199818549.

1.2. Our registered office is at 10/F Ayala Tower & Exchange Plaza, Ayala Avenue, Makati City where a list of members may be inspected.

1.3. Any representative of Santos Knight Frank, Inc. described as *Director* is either a member or an employee of Santos Knight Frank, Inc. and is not a member of the Board of Directors. The term *Director* has been retained because it is an accepted way of referring to senior professionals. The term "**Santos Knight Frank Person**" shall, when used herein, mean any member, employee, or consultant of Santos Knight Frank, Inc.

1.4. Our Tax Identification Number (TIN) is 201-626-570-000.

1.5. The details of our professional indemnity insurance will be provided to you on request.

1.6. Santos Knight Frank, Inc., being a corporation, is regulated by the Philippine Securities and Exchange Commission (SEC). It is also an SEC-accredited asset valuer. In accordance with reportorial filings with the SEC, it may be necessary to disclose valuation files to them. By instructing us, you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7. Valuations will be carried out in accordance with the 2019 edition of the International Valuation Standards (IVS) by valuers who conform to its requirements and with regard to relevant statutes or regulations. Our senior valuers are Real Estate Appraisers licensed and regulated by the Philippine Professional Regulation Commission (PRC).

2. Governing law and jurisdiction

2.1. The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with Philippine laws.

2.2. Philippine courts shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1. Subject to clause 3.7, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to our total service fees as set out in the Letter.

3.2. Subject to clause 3.7, we will not be liable for any loss of profits or for indirect or consequential loss or damages.

3.3. Subject to clause 3.7, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.

3.4. Except as set out in clauses 3.5 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement.

3.5. No claim arising out of or in connection with this Agreement may be brought against any Santos Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Santos Knight Frank, Inc. Any Santos Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Santos Knight Frank, Inc. at any time without the need for any Santos Knight Frank Person to consent.

3.6. No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) two years from the Valuation Date (as set out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.7. Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1. The Valuation is prepared and provided solely for the stated purpose. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.7, we will not be liable for any such use.

4.2. Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3. Subject to clause 4.4 below and for the stated purpose, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). No liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4. Our appraisers are not required to give testimony or attendance in court by reason of this Valuation with reference to the property in question, unless arrangements have been previously made.

4.5. Except for the stated purpose, neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6. Where permission is given for the publication of a Valuation, neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of SEC Memorandum Circular No. 2, series of 2014 (Guidelines on Asset Valuations) or Republic Act No. 8799 (Securities Regulation Code), as amended and its Implementing Rules and Regulations.

4.7. You agree that we, and/or any Santos Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Santos Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause 4.

4.8. You agree to indemnify and keep fully indemnified us, and each relevant Santos Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1. Santos Knight Frank, Inc. is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the Philippines (each such firm, an "**Associated Knight Frank Entity**").

5.2. Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3. You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4. This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1. The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2. Subject to clause 3.7 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3. The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4. Subject to clause 3.7 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

8.1. You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

9.1. Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causeswhich could not be foreseen, or which, though foreseen, were inevitable.

10. Our fees

10.1. Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2. If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 3%

10.3. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4. If an appraisal analysis is ordered and the assignment is cancelled before completion, we reserve the right to receive compensation, by way of damages, in an amount equal to 70% of the total fee for the assignment.

10.5. If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if

we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6. Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption and Anti-Money Laundering
We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and corruption and Anti-Money Laundering laws (the "**Relevant Requirements**");

(b) not engage in any activity, practice or conduct which would constitute an offense;

(c) maintain anti-bribery, anti-corruption, and anti-money laundering policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios
Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches
We are not required to undertake searches, validations or inspections of any kind for title or price paid information in any publicly available land registry.

14. Title and burdens
We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities
No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges, including commissions.

16. Sources of information
We rely upon the information provided to us by you, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

17. Identity of property to be valued
We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries
Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

19. Planning, highway and other statutory regulations
19.1. Enquiries of the relevant planning and highways authorities in respect to matters affecting properties, where considered appropriate, are normally only obtained from the corresponding government agency. We can only state whatever current conditions may be. We recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuations.

19.2. It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative, regulatory, or administrative authority from the Philippine government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

19.3. We assume that the premises comply with all relevant statutory requirements including environmental, building, fire, and sanitation regulations.

20. Property insurance
Our Valuation assumes that each property would, in all respects, be insurable against all identifiable risks.

21. Building areas and age
Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan/s are calculated and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal scope of a valuation. Since we will not have carried out any of these investigations, we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our ocular inspections but otherwise assume properties to be free from defect.

23. Ground conditions
Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

24.1. Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2. However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified only by reference to it.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1. We are appointed to provide valuation opinion(s) in accordance with our professional duties as Appraisers. The scope of our service is limited accordingly. The valuation assumes no responsibility for the validity of legal matters affecting the property. It is not the intent of the valuation to offer a legal opinion of title. Any liens or encumbrances which may now exist have been disregarded. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2. Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3. Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

28. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

29. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

30. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

31. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible, and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed, preferably signing on the space provided for under the Letter, will constitute your acceptance to use our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

Appendix 4 - Photographs

(SKF File Photos)

VARIOUS VIEWS OF THE BUILDING

Hallway Office (17th Floor)

Elevator Lobby

Parking Level

Roof Deck Level

BUILDING MACHINERY & EQUIPMENT


Elevators


Generator Sets


Ventilation System


Airconditioning Unit


Water Distribution System


Fire Fighting Equipment

Appendix 5 - Leasehold Value of the Property

	Period Covered		Annual Contract Rent		Annual Market Rent (VAT Exclusive)	Annual Rental Gain	Present Value Factor	Present Value of the Rental Gains
			Projected Annual Net Leasing Revenue	Annual Contract Rent (7% of Net Leasing Revenues)				
1	October 01, 2021	December 31, 2021	95,836,253	6,708,538	31,976,427	25,267,890	0.957	24,193,679
2	January 01, 2022	December 31, 2022	401,763,816	28,123,467	130,668,890	102,545,423	0.878	90,078,828
3	January 01, 2023	December 31, 2023	416,336,071	29,143,525	134,588,957	105,445,432	0.806	84,978,237
4	January 01, 2024	December 31, 2024	430,517,182	30,136,203	138,626,625	108,490,423	0.739	80,213,017
5	January 01, 2025	December 31, 2025	439,545,676	30,768,197	142,785,424	112,017,227	0.678	75,982,183
6	January 01, 2026	December 31, 2026	442,608,814	30,982,617	147,068,987	116,086,370	0.622	72,240,657
7	January 01, 2027	December 31, 2027	460,331,767	32,223,224	151,481,056	119,257,833	0.571	68,086,478
8	January 01, 2028	December 31, 2028	478,251,513	33,477,606	156,025,488	122,547,882	0.524	64,187,915
9	January 01, 2029	December 31, 2029	484,847,949	33,939,356	160,706,253	126,766,896	0.481	60,915,360
10	January 01, 2030	December 31, 2030	486,801,987	34,076,139	165,527,440	131,451,301	0.441	57,950,789
11	January 01, 2031	September 30, 2031	378,680,903	26,507,663	127,519,619	101,011,956	0.413	41,751,711
12	January 01, 2032	December 31, 2032	525,999,719	36,819,980	175,608,062	138,788,081		
						Total Present Value of the Rental Gains		720,578,853
						Terminal Value of Leasehold Rights on the Land at Year 11		3,084,179,582
						Discounted at	0.413	1,274,797,344
						Total Value of Leasehold		1,995,376,197
								============
						ROUNDED TO, say,		1,995,000,000
								============

Appendix 6 - Valuation Calculation (Income Approach DCF)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 3
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	44,614.34 sq.m.
Total No. of Parking Slots	:	178

	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME REVENUES												
Office Units	190,061,061	386,508,802	400,728,297	414,178,132	422,454,284	425,660,432	443,316,535	460,363,266	466,054,624	468,117,399	241,763,727	506,281,625
Parking Slots	3,728,416	7,547,080	7,708,198	7,920,591	8,174,229	8,127,105	8,136,653	8,497,712	8,909,746	8,937,733	4,437,343	9,345,305
Other Areas	8,392,183	16,964,583	17,476,191	18,314,242	19,032,737	18,992,762	19,413,095	20,341,346	21,026,739	20,933,814	10,611,264	22,416,806
Gross Leasing Revenues	202,181,661	411,020,465	425,912,687	440,412,965	449,661,250	452,780,299	470,866,283	489,202,324	495,991,109	497,988,947	256,812,334	538,043,736
Less: Vacancy Allowance	*10,509,155*	*9,256,649*	*9,576,615*	*9,895,783*	*10,115,574*	*10,171,485*	*10,534,516*	*10,950,811*	*11,143,160*	*11,186,960*	*5,745,509*	*12,044,017*
Net Leasing Revenues	191,672,506	401,763,816	416,336,071	430,517,182	439,545,676	442,608,814	460,331,767	478,251,513	484,847,949	486,801,987	251,066,826	525,999,719
Other Income												
Management Dues	27,946,716	57,188,446	57,188,446	57,188,446	57,188,446	60,047,868	60,047,868	60,047,868	60,047,868	60,047,868	29,777,162	63,050,261
Aircon Dues	19,485,784	39,874,513	39,874,513	39,874,513	39,874,513	41,868,238	41,868,238	41,868,238	41,868,238	41,868,238	20,762,058	43,961,650
NET REVENUES	239,105,005	498,826,774	513,399,030	527,580,140	536,608,634	544,524,920	562,247,873	580,167,619	586,764,055	588,718,093	301,606,045	633,011,631
OPERATING COSTS & EXPENSES												
Contracted Services	4,271,909	8,954,328	9,279,108	9,595,170	9,796,393	9,864,663	10,259,664	10,659,051	10,806,069	10,849,620	5,595,663	11,723,241
Repairs & Maintenance	2,994,943	6,277,685	6,505,381	6,726,965	6,868,038	6,915,901	7,192,827	7,472,829	7,575,900	7,606,433	3,922,997	8,218,909
Management Fee	9,519,517	19,953,814	20,677,552	21,381,865	21,830,270	21,982,402	22,862,622	23,752,616	24,080,231	24,177,280	12,469,367	26,124,056
Loss from CUSA												
Power Charges - net	3,092,632	6,482,452	6,717,575	6,946,387	7,092,061	7,141,485	7,427,444	7,716,579	7,823,012	7,854,541	4,050,958	8,486,996
Water Charges - net	14,900	31,232	32,365	33,468	34,170	34,408	35,785	37,179	37,691	37,843	19,518	40,890
Aircon Dues (Expense)	-	-	-	-	-	-	-	-	-	-	-	-
Others	158,818	332,897	344,972	356,722	364,203	366,741	381,426	396,274	401,740	403,359	208,031	435,838
Miscellaneous Expense	302,487	634,041	657,038	679,418	693,666	698,500	726,470	754,750	765,160	768,243	396,220	830,103

ROBINSONS LAND CORPORATION

as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 3
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	44,614.34 sq.m.
Total No. of Parking Slots	:	178

		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	11.00
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
General and Administrative Expense													
Salaries & Wages		1,543,056	3,219,161	3,313,203	3,404,720	3,462,985	3,514,073	3,628,447	3,744,092	3,786,661	3,799,272	1,946,404	4,085,119
Taxes & Licenses		563,569	1,117,950	1,151,488	1,151,488	1,151,488	1,151,488	1,186,033	1,186,033	1,186,033	1,186,033	605,787	1,221,614
Advertising & Promotions Expense		-	-	-	-	-	-	-	-	-	-	-	-
Commission Expense		769,338	339,210	991,684	406,804	5,173,034	377,009	1,107,259	456,410	5,724,633	414,613	603,846	501,934
Insurance Expense		759,452	1,584,387	1,630,672	1,675,714	1,704,391	1,729,535	1,785,827	1,842,744	1,863,696	1,869,902	957,969	2,010,588
Communication		13,079	27,287	28,084	28,859	29,353	29,786	30,756	31,736	32,097	32,204	16,498	34,627
Rent Expense		6,708,538	28,123,467	29,143,525	30,136,203	30,768,197	30,982,617	32,223,224	33,477,606	33,939,356	34,076,139	17,574,678	36,819,980
Supplies Expense		178,203	371,772	382,633	393,202	399,931	405,831	419,040	432,395	437,312	438,768	224,785	471,780
Travel & Transportation		496	1,035	1,065	1,095	1,114	1,130	1,167	1,204	1,218	1,222	626	1,314
Representation & Entertainment		1,194	2,492	2,565	2,636	2,681	2,720	2,809	2,898	2,931	2,941	1,507	3,162
TOTAL COSTS & EXPENSES		30,892,132	77,453,210	80,858,910	82,920,715	89,371,975	85,198,288	89,270,799	91,964,394	98,463,741	93,518,412	48,594,854	101,010,150
NET OPERATING INCOME		208,212,874	421,373,564	432,540,120	444,659,425	447,236,659	459,326,632	472,977,074	488,203,225	488,300,314	495,199,681	253,011,191	532,001,480
CAPEX	1.5%	2,875,088	6,026,457	6,245,041	6,457,758	6,593,185	6,639,132	6,904,977	7,173,773	7,272,719	7,302,030	3,766,002	7,889,996
NOI after CAPEX		205,337,786	415,347,107	426,295,079	438,201,667	440,643,474	452,687,499	466,072,098	481,029,452	481,027,595	487,897,651	249,245,189	524,111,484
Discount Rate/ Present Worth Factor	9.0%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.42	0.39
Present Worth of Cashflows		196,608,287	364,852,760	343,550,248	323,986,919	298,892,002	281,707,854	266,089,085	251,952,763	231,148,432	215,091,471	105,283,861	203,110,417
Total Present Worth of Cashflows		2,879,163,682											
Terminal Value of Property at 11Y	4.5%	11,822,255,117											
Discounted at	0.42	4,993,848,323											

TOTAL PROPERTY VALUE	7,873,012,005
Rounded to, say	7,873,000,000

Santos Knight Frank

Appendix 7 - Valuation Calculation (Income Approach DCM)

ROBINSONS LAND CORPORATION
as of 30 June 2021

PROPERTY NAME:	:	ROBINSONS CYBERGATE TOWER 3
PROPERTY ADDRESS:	:	Pioneer St., Mandaluyong City
TOTAL LEASABLE AREA:	:	44,614.34 sq.m.
Total No. of Parking Slots	:	178

DIRECT CAPITALIZATION

INCOME REVENUES	
Office Units	386,508,802
Parking Slots	7,547,080
Other Areas	16,964,583
Gross Leasing Revenues	411,020,465
Less: Vacancy Allowance	9,256,649
Net Leasing Revenues	401,763,816
Other Income	
Management Dues	57,188,446
Aircon Dues	39,874,513
NET REVENUES	498,826,774
OPERATING COSTS & EXPENSES	
Contracted Services	8,954,328
Repairs & Maintenance	6,277,685
Management Fee	19,953,814
Loss from CUSA	-
Power Charges - net	6,482,452
Water Charges - net	31,232
Aircon Dues (Expense)	-
Others	332,897
Miscellaneous Expense	634,041
General and Administrative Expense	-
Salaries & Wages	3,219,161
Taxes & Licenses	1,117,950
Advertising & Promotions Expense	-
Commission Expense	339,210
Insurance Expense	1,584,387
Communication	27,287
Rent Expense	28,123,467
Supplies Expense	371,772
Travel & Transportation	1,035
Representation & Entertainment	2,492
TOTAL COSTS & EXPENSES	77,453,210
NET OPERATING INCOME	421,373,564
Capitlization Rate	4.5%
TOTAL PROPERTY VALUE	9,363,856,988
Rounded to, say	9,364,000,000

Appendix 8 - Valuation Calculation (Comparison Grid)

MARKET DATA COMPARISON GRID

Robinsons Cybergate Tower 3

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Address	Pioneer Street, Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila	EDSA/Sierra Madre Street, Barangay Highway Hills, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Bagong Silang, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Kapitolyo, Pasig City, Metro Manila	
Instrument (Sale/Listing)		Listing		Listing		Listing	
Date of Sale/Listing		Current		Current		Current	
Sale/Asking Price		275,000,000.00		853,220,000.00		75,000,000.00	
Size (sq. m.) - Allocated Area	2,582.00	864.00		2,306.00		300.00	
Price Per sq.m. (Unadjusted)		PHP 318,287.04		PHP 370,000.00		PHP 250,000.00	
ADJUSTMENTS							
Property Rights Conveyed	Fee simple	Fee Simple		Fee Simple		Fee Simple	
Comparison/Adjustment		Equal	0%	Equal	0%	Equal	0%
Adjusted Price			318,287.04		370,000.00		250,000.00
Condition of Sale/Offer	N/A	Listing		Listing		Listing	
Comparison/Adjustment		Allowance	-10%	Allowance	-25%	Allowance	-10%
Adjusted Price			286,458.33		277,500.00		225,000.00
Change in Market Conditions	June 30, 2021	Current		Current		Current	
Comparison/Adjustment		Allowance	0%	Allowance	0%	Allowance	0%
Adjusted Price			286,458.33		277,500.00		225,000.00
PHYSICAL ADJUSTMENTS							
Location	Pioneer Street, Robinsons Cybergate Complex, Barangay Barangka Ilaya, Mandaluyong City, Metro Manila	EDSA/Sierra Madre Street, Barangay Highway Hills, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Bagong Silang, Mandaluyong City, Metro Manila		Shaw Boulevard, Barangay Kapitolyo, Pasig City, Metro Manila	
Comparison/Adjustment		superior	-15%	superior	-10%	superior	-10%
Topography	generally flat	generally flat		generally flat		generally flat	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Lot Size	2,582.00	864.00		2,306.00		300.00	
Comparison/Adjustment		superior	-5%	equal	0%	superior	-10%
Shape	rectangular	rectangular		rectangular		rectangular	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Amenities/Utilities	available	available		available		available	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Access	main road	major thoroughfare/secondary road		main road		main road	
Comparison/Adjustment		superior	-10%	equal	0%	equal	0%
Zoning	commercial	commercial		commercial		commercial	
Comparison/Adjustment		equal	0%	equal	0%	equal	0%
Total Gross Adjustments			30.00%		10.00%		20.00%
Total Net Adjustments			-30%		-10%		-20%
Final Adjusted Price (Net Adjustment Basis)		200,520.83		249,750.00		180,000.00	
Weight		17.0%		50.0%		33.0%	
Weight Equivalent		34,088.54		124,875.00		59,400.00	
Value per sqm		218,363.54					
ROUNDED TO		218,000.00 per sq.m.					
Allocated Area		2,582.00 sq.m.					
INDICATED VALUE		563,000,000					

PROFESSIONAL PROFILE

WENCESLAO D. FUENTES, JR.
Director

T 632.752.2580

F 632.752.2571

Bong.Fuentes@santos.knightfrank.ph

Bong D. Fuentes, Jr. is a Director of Santos Knight Frank, Inc. under the Valuations Group. His major functions include scheduling, monitoring, and overseeing the various engagements of the Group, and also supervises the valuation pertaining to Plant and Machinery. He also has parallel involvement in Real Property appraisal, being a Licensed Real Estate Appraiser. Other responsibilities include business development for corporate and financial institution accounts.

Prior to joining Santos Knight Frank, Inc., Bong was involved with other appraisal companies like Sallmanns Phil., Inc. and Asian Appraisal Company, Inc. where he started his appraisal career. He was also involved with financial institutions like Bank of the Philippine Islands (BPI) and the former Far East Bank & Trust Company. His experience in his field spans a period of almost twenty-one (21) years, and he has handled appraisal/valuation studies for all types of Plant and Machinery and Real Property Valuation in the Philippines. His experience in the valuation of Plant Machinery include assignments in the People's Republic of China (PROC), Hong Kong, United Arab of Emirates, Malaysia and Thailand.

- Member, Philippine Society of Mechanical Engineers-Manila Chapter
- Member, Philippine Association of Realty Appraisers
- Mechanical Engineer, PRC Registration No. 34962
- Real Estate Appraiser, PRC Registration No. 422
- Bachelor of Science in Mechanical Engineering, Polytechnic University of the Philippines

PROFESSIONAL PROFILE

JACQUELINE T. GUERTA
Director

T 632.752.2580

F 632.752.2571

Jacq.Guerta@santos.knightfrank.ph

Jacqueline T. Guerta is a Director of Santos Knight Frank, Inc. under the Valuations Group. She is mainly responsible for handling intangible/business valuation instructions which also include valuing shares of stock, goodwill, and the like, as well as valuing real estate assets, being also a Licensed Real Estate Appraiser.

Prior to joining Santos Knight Frank, Inc., Ms. Guerta was involved with Colliers International Philippines, Inc. as a Valuation Manager. She primarily handled real estate and business valuation instructions for both local and international companies. She started her 20 year career in real estate as a Research Analyst for Cuervo Far East, Inc. While with Cuervo, she handled research and consulting requirements for the company's valued clients.

- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- PRC Registration No. 949
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association (APREA) Institute
- Masters in Business Administration, Ateneo de Manila Graduate School of Business
- Bachelor of Arts in Social Sciences, Ateneo de Manila University

PROFESSIONAL PROFILE

JESUS CONSTANCE M. CASTRO

Associate Director

T 632.752.2580

F 632.752. 2571

Jesus.Castro@santos.knightfrank.ph

Jesus Constance M. Castro is an Associate Director of Santos Knight Frank under the Valuations Group. Being a Licensed Real Estate Appraiser, he helps handle and supervise the Real Estate Appraisers of the Company, and helps formulate valuation policies and procedures in the department.

Prior to joining Santos Knight Frank, Mr. Castro was involved with General Appraisal Company (Phils.), Inc.. He started there as staff appraiser sometime in 1995. Through the years, he has gained vast experience in real estate valuation and attended several appraisal seminars enhancing his professional advancement. He held the position of Vice President – Real Estate Division at the time of his resignation with General Appraisal Company (Phils.), Inc.. During his more than 20 years experience in his field, he has been involved in property valuation projects concerning different types of real estate properties as well as different industries such as semi-conductors, power generation, textile and garments, steel, mining, cement, transportation, food and beverages and telecommunications and had likewise gained expansive experience in personnel management and development of client relations. He is now currently expanding his expertise by being involved in business valuation, as well as light machinery and equipment valuation.

- Member, Philippine Institute of Civil Engineers (PICE)
- Member, Phil. Association of Realty Appraisers, Inc. (PARA)
- Real Estate Appraiser PRC Registration No. 423
- Licensed Civil Engineer PRC Registration No. 73151
- Bachelor of Science in Civil Engineering, University of Sto. Tomas

PROFESSIONAL PROFILE

RAYMOND F. DECHAVEZ

APPRAISER

T 632.752.2580

F 632.752.2571

Raymond.dechavez@santos.knightfrank.ph

Raymond F. Dechavez is one of the Appraisers under the Valuations Group of Santos Knight Frank, Inc., responsible for handling Real Estate Valuation assignments of the Company.

Prior to joining Santos Knight Frank, Inc., Mr. Dechavez was involved with Manila Banking Corporation and China Banking Corporation. He started with Manila Bank in 2003 as Credit Inverstigator/Appraiser then got promoted as full time Appraiser in 2005. After Manila Bank was acquired by China Bank sometime 2007, he stayed and worked with China Bank until 2009. During his almost six (6) years' experience in his field, he has gained vast experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate.

Bachelor of Science in Business Administration Major in Management, Pamantasan ng Lungsod ng Maynila

PROFESSIONAL PROFILE

MARTIN JOHN L. ENCOMIENDA

Appraiser

T 632.752.2580

F 632.752.2571

Martin.Encomienda@santos.knightfrank.ph

Martin John Encomienda is an Appraiser of Santos Knight Frank, Inc. in the Valuations Department under Valuations Group.

Prior to joining Santos Knight Frank, Inc., Mr. Encomienda was involved with Royal Asia Appraisal Corporation. He started there as staff appraiser in May 2016. During his more than four (4) years' experience in his field, he has gained immense experience in real estate valuation project concerning all types of real estate properties including residential properties, commercial estate, farm estate and industrial estate. He is now currently expanding his expertise and is now involved in light machinery and equipment valuation projects and had likewise gained an expansive experience in personnel management and development of client relations.

- Bachelor of Science in Civil Engineering,
  Technological Institute of the Philippines - Manila

ANNEX D

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF PROFIT FORECAST AND PROFIT PROJECTION

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF THE PROFIT FORECAST AND PROFIT PROJECTION

August 20, 2021

The Stockholders and the Board of Directors
RL Commercial REIT, Inc.
Level 2, Galleria Corporate Center, EDSA Cor. Ortigas Avenue
Quezon City, Metro Manila

Dear Sirs,

Independent Auditor's Report on the Profit Forecast for the four months financial period from September 1, 2021 to December 31, 2021 and the Profit Projection for the financial year ending December 31, 2022

This report has been prepared for inclusion in the real estate investment trust plan dated August 20, 2021 (the "REIT Plan") to be issued in connection with the primary offering of up to 3,342,864,000 common shares of RL Commercial REIT, Inc. (the "Company) at the offer price of ₱6.45 per share, with an over-allotment option of up to 305,103,000 common shares (the "**Offering**").

The Company is responsible for the preparation and presentation of the forecast and projected statements of comprehensive income and distribution of the Company for the four months financial period September 1, 2021 to December 31, 2021 (the "Profit Forecast") and for the financial year ending December 31, 2022 (the "Profit Projection"), as set out on page 92 of the REIT Plan, which have been prepared on the basis of the assumptions as set out on pages 93 to 99 of the REIT Plan.

We have examined the Profit Forecast and Profit Projection, excluding certain non-GAAP measures, their reconciliation, calculation and amounts such as Adjusted Funds from Operations, Offer Price, Net Operating Income and Capital Expenditure as set out on pages 92, 93, 98 and 99 of the REIT Plan which have been prepared on the basis of the assumptions as set out on pages 93 to 99 of the REIT Plan, in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, *The Examination of Prospective Financial Information*. The Company is solely responsible for the Profit Forecast and Profit Projection, including the assumptions set out on pages 93 to 99 of the REIT Plan on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast as described in the third paragraph of this report. Further, in our opinion, the Profit Forecast is properly prepared on the basis of the assumptions set out on pages 93 to 99 of the REIT Plan, is consistent with the accounting policies adopted by RLC REIT Properties as set out on pages F-82 to F-111 of the REIT Plan, except for investment properties which are accounted for under fair value method of accounting, and is presented in accordance with Philippine Financial Reporting Standards ("PFRSs").

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Profit Forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection as described in the third paragraph of this report. Further, in our opinion, the Profit Projection, is properly prepared on the basis of the assumptions as set out in pages 93 to 99 of the REIT Plan, is consistent with the accounting policies adopted by RLC REIT Properties as set out on pages F-82 to F-111 of the REIT Plan, except for investment properties which are accounted for under fair value method of accounting, and is presented in accordance with PFRSs.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described in the REIT Plan occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast and the Profit Projection.

Attention is drawn to the risk factors set out on pages 28 to 54 of the REIT Plan which describe the principal risks associated with the Offering to which the Profit Forecast and the Profit Projection relate and the sensitivity analysis of the Profit Forecast and the Profit Projection as set out on pages 99 to 100 of the REIT Plan.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
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PTR No. 8534357, January 4, 2021, Makati City

August 20, 2021

COMPANY
RL COMMERCIAL REIT, INC.
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Ortigas Center
Pasig City 1605
Philippines

SELLING SHAREHOLDER
ROBINSONS LAND CORPORATION
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City, Metro Manila
Philippines

JOINT GLOBAL COORDINATORS, LEAD MANAGERS AND BOOKRUNNERS

BPI Capital Corporation
11/F Ayala North Exchange Tower One
6796 Ayala Ave. cor. Salcedo St.
Makati City, Philippines

UBS AG, Singapore Branch
9 Penang Road
Singapore 238459

LEGAL ADVISORS

to the Company and Selling Shareholder as to Philippine law

Romulo Mabanta Buenaventura Sayoc & de los Angeles
21/F Philamlife Tower
8767 Paseo de Roxas
Makati City 1226
Philippines

to the Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter as to Philippine law

Angara Abello Concepcion Regala & Cruz Law Offices
22/F ACCRALAW Tower
2nd Avenue corner 30th Street
Crescent Park West, Bonifacio Global City
Taguig City 1635, Philippines

to the Company and Selling Shareholder as to United States Federal and New York State Law

Latham & Watkins LLP
18/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

to the Joint Global Coordinators, Lead International Bookrunner, International Bookrunners, Lead Local Underwriter, Local Underwriters and Participating Underwriter as to United States Federal and New York State Law

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

INDEPENDENT AUDITORS

SyCip Gorres Velayo & Co
6760 Ayala Avenue
1226 Makati City
Philippines