



RL FUND MANAGEMENT, INC.

Performance Report for the Third Quarter of 2021

05 November 2021

This document was prepared by RL Fund Management, Inc.
("RLFMI") for **RL Commercial REIT, Inc.** ("RCR" or the "Company")
in compliance with the reportorial requirements of the REIT
Implementing Rules & Regulations under Republic Act No. 9856.



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I. PORTFOLIO OVERVIEW

RL Commercial REIT, Inc. ("RCR"), a company designated by Robinsons Land Corporation (RLC) 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 September 30, 2021. The Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of office tenants.

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

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million)(2)	Title to Asset	Title to Land
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(3)	Subdivided interest in land
Robinsons Summit Center .	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	11,476.0	Freehold over 31 units(4)	Subdivided 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
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
Tera Tower	Quezon City McKinley West, Fort Bonifacio, Taguig City	2015	PEZA, LEED Gold	A / Prime	35,087	8.2%	6,066.0	Building owned	Land leased from Sponsor for 98 years
Cyber Sigma	Taguig City Bridgetowne Complex	2017	PEZA	A	49,970	11.7%	5,823.0	Building owned	Land leased from BCDA for 25 years(5)
Exxa-Zeta Tower	Quezon City IT Park, Taguig City	2018	PEZA, LEED Silver	A / Prime	74,584	17.5%	11,867.0	Building owned	Land leased from Sponsor for 99 years
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
Galleria Cebu ...	Cebu City Robinsons Luisita Complex,	2017	PEZA	A	8,851	2.1%	943.0	3/F to 4/F owned	Land leased from Sponsor for 99 years
Luisita BTS 1....	Tarlac City Robinsons	2018	PEZA	B	5,786	1.4%	620.0	Building owned	Land leased from Sponsor for 99 years
Cybergate Naga	Place Naga	2018	PEZA	B	6,070	1.4%	687.0	3/F to 5/F owned	Land leased from Sponsor

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Appraised Value (₱ million) ⁽²⁾	Title to Asset	Title to Land
	Complex, Naga City Robinsons Cyberpark								for 99 years
Cybergate Delta 1	Davao, Davao City	2018	PEZA	B	11,910	2.8%	1,284.0	Building owned	Land leased from Sponsor for 99 years
Total					425,315	100.0%	73,884.0		

Notes:

- (1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are buildings with modern specifications and 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) The valuation of the properties is aligned with the appraisal reports issued by Santos Knight Frank, Inc. (SKF). SKF used the Discounted Cashflows ("DCF") Approach or Income Approach as the primary method to estimate the fair value of the buildings. Under the DCF approach, the cashflows of the properties were discounted based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model.
- (3) RCR 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.
- (4) RCR owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership
- (5) 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.

II. FINANCIAL PERFORMANCE FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2021

A. Interim Statement of Comprehensive Income for Nine Months Ended September 30, 2021

	(P thousands)
Rental income	585,548
Association dues	132,681
Others	1,265
Revenue	719,494
Fund management fees	35,368
Property management fees	30,792
Other direct operating expenses	17,263
General and administrative expenses	34,653
Costs and expenses	118,076
Earnings before interest, taxes, depreciation and amortization (EBITDA)	601,418
Depreciation	—
Interest expense on lease liability	1,538
Amortization of ROU asset	4,745
Income before tax	595,135
Benefit from income tax	(38,653)
Net income	633,788
Other comprehensive income	—
Total comprehensive income	633,788
Distributable income	633,788
Adjusted funds from operations	625,005
Basic/Diluted earnings per share	0.292

B. Revenue and Net Operating Income Contribution of Each Property

The contributions of each of the Properties to RCR's Revenues are as follows:

Contribution to Revenue	For the period ending September 2021 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	30,688	4.3%
Robinsons Summit Center	91,285	12.7%
Cyberscape Alpha	70,309	9.8%
Cyberscape Beta	77,713	10.8%
Tera Tower	58,603	8.1%
Cyber Sigma	95,015	13.2%
Exxa-Zeta Tower	105,314	14.6%
Robinsons Cybergate Center 2	71,211	9.9%
Robinsons Cybergate Center 3	72,379	10.1%
Robinsons Cybergate Cebu	6,903	1.0%
Galleria Cebu	9,941	1.4%
Robinsons Place Luisita 1	7,469	1.0%
Cybergate Naga	7,509	1.0%
Cybergate Delta 1	15,155	2.1%
Total	719,494	100.0%

The contributions of each of the Properties to RCR's Rental Income are as follows:

Rental Income	For the period ending September 2021 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	26,490	4.5%
Robinsons Summit Center	85,090	14.5%
Cyberscape Alpha	58,685	10.0%
Cyberscape Beta	63,505	10.8%
Tera Tower	47,169	8.1%
Cyber Sigma	78,149	13.3%
Exxa-Zeta Tower	81,579	14.0%
Robinsons Cybergate Center 2	55,386	9.5%
Robinsons Cybergate Center 3	55,847	9.6%
Robinsons Cybergate Cebu	4,382	0.7%
Galleria Cebu	6,910	1.2%
Robinsons Place Luisita 1	5,649	1.0%
Cybergate Naga	5,422	0.9%
Cybergate Delta 1	11,285	1.9%
Total	585,548	100.0%

The contributions of each of the Properties to RCR's Net Income are as follows:

Contribution to Net Income	For the period ending September 2021 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	18,537	2.9%
Robinsons Summit Center	55,135	8.7%
Cyberscape Alpha	51,332	8.1%
Cyberscape Beta	56,420	8.9%
Tera Tower	30,410	4.8%
Cyber Sigma	212,544	33.5%
Exxa-Zeta Tower	78,093	12.3%
Robinsons Cybergate Center 2	52,399	8.3%
Robinsons Cybergate Center 3	46,181	7.3%
Robinsons Cybergate Cebu	4,619	0.7%
Galleria Cebu	6,469	1.0%
Robinsons Place Luisita 1	6,230	1.0%
Cybergate Naga	6,071	1.0%
Cybergate Delta 1	9,348	1.5%
Total	633,788	100.0%

C. Cost and Expenses

Cost and expenses consist of direct operating expenses and general and administrative expenses.

	For the period ending September 2021 (Unaudited, ₱ thousands)
Direct operating expenses	
Fund management fees	35,368
Property management fees	30,792
Contracted services	10,371
Repairs and maintenance	6,892
	83,423
General and administrative expenses	
Land and building lease	27,707
Taxes and licenses	1,235
Others	5,710
	34,653
Total	118,076

D. Income from Related Parties for the Nine Months Ended September 30, 2021

Rental Income	(₱ thousands)
JG Summit Holdings, Inc.	26,867
Universal Robina Corporation	20,784
Aspen Business Solutions, Inc.	10,079
Summit Publishing Co., Inc.	7,769
Robinsons Bank Corporation	875
Robinsons Bank Convenience Stores, Inc.	855
Robinsons Supermarket Corporation	580
Unicon Insurance Brokers	549
JG Summit Petrochemical Corporation	92
Total income from related parties	68,450
<i>% of rental income from related parties to total rental income</i>	<i>12%</i>

E. Interim Statement of Cash Flows for the Nine Months Ended September 30, 2021

	(P thousands)
CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	595,135
Adjustments for:	
Amortization of right-of-use asset	4,745
Interest expense on lease liability	1,538
Operating income (loss) before working capital changes	601,418
Changes in operating assets and liabilities	
Decrease (increase) in:	
Receivables	(580,807)
Other assets	(14,192)
Increase (decrease) in:	
Accounts payable and accrued expenses	175,990
Deposits and other liabilities	1,090,172
Net cash flows provided by operating activities	1,272,581
CASH FLOWS FROM INVESTING ACTIVITIES	
Payment of prepaid rent	(302,417)
Payment of transfer taxes	(73,237)
Additions to investment properties	(8,955)
Net cash flows used in investing activities	(384,609)
CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of subscriptions receivable	18,750
Payment of stock issue cost	(99,240)
Net cash flows used in financing activities	(80,490)
NET INCREASE IN CASH IN BANKS	807,482
CASH IN BANKS AT JANUARY 1	—
CASH IN BANKS AT SEPTEMBER 30	807,482

F. Adjusted Funds from Operations for the Nine Months Ended September 30, 2021

	(P thousands)
Total comprehensive income	633,788
Deduct: Maintenance capex reserve	(8,783)
Adjusted Funds from Operations	625,005

G. Borrowings

In 2021, RCR secured the highest issuer credit rating of PRS Aaa (corp.), with a Stable Outlook, from Philippine Rating Services Corp. (PhilRatings).

With a PRS Aaa (corp.) rating, the highest issuer credit rating assigned on the PRS scale, RCR is deemed to have a very strong capacity to meet its financial commitments relative to that of other Philippine corporates. The rating includes a stable outlook for RCR, which means it is expected to remain unchanged in the next 12 months.

The investment-grade Issuer Credit Rating allows RCR to increase its leverage limit from 35% to 70% of the total value of its deposited property, according to the REIT Implementing Rules and Regulations (IRR). This gives RCR greater financial flexibility to support its organic and inorganic growth for long-term sustainability.

RCR did not breach the borrowing limit per REIT IRR as it did not have any outstanding borrowings as of September 30, 2021 and December 31, 2020.

III. Operating Statistics as of September 30, 2021

A. Occupancy Rate

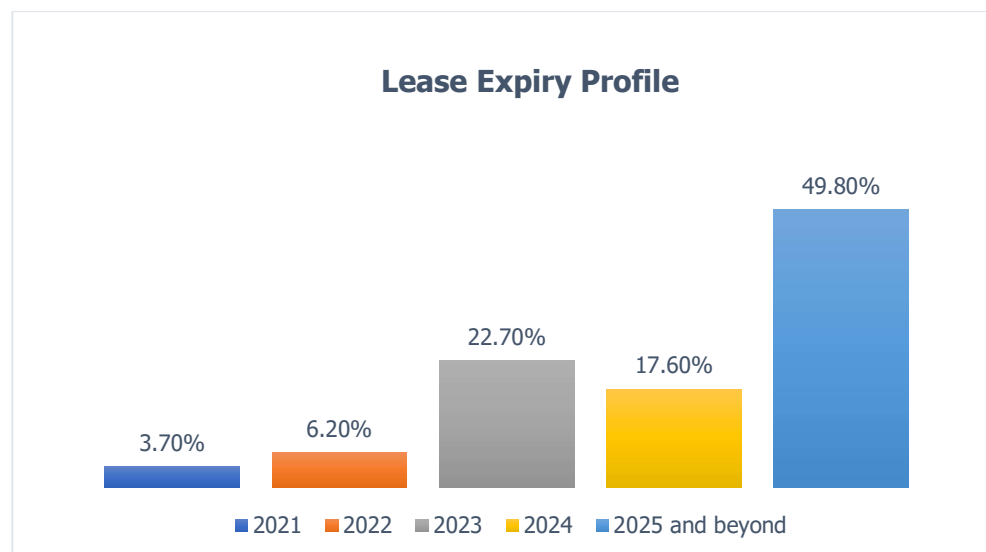
Building	GLA in sqm.	Occupied Area	Occupancy Rate
Robinsons Equitable Tower	14,364.5	14,220.2	99%
Robinsons Summit Center	31,394.2	31,072.5	99%
Cyberscape Alpha	49,901.7	49,901.7	100%
Cyberscape Beta	42,244.8	41,395.6	98%
Tera Tower	35,087.3	35,087.3	100%
Cyber Sigma	49,970.3	49,970.3	100%
Exxa-Zeta Tower	74,583.7	72,987.7	98%
Robinsons Cybergate Center 2	43,671.7	43,564.9	100%
Robinsons Cybergate Center 3	44,614.3	44,186.6	99%
Robinsons Cybergate Cebu	6,866.3	6,866.3	100%
Galleria Cebu	8,851.2	8,851.2	100%
Robinsons Place Luisita 1	5,785.6	5,785.6	100%
Cybergate Naga 1	6,069.5	6,069.5	100%
Cybergate Delta 1	11,909.8	11,909.8	100%
Total	425,314.9	421,869.2	99%

B. Tenant Mix

Tenant mix in terms of Gross Leasable Area (GLA) is as follows:

Industry Sector	GLA in sqm.	Percentage to GLA
BPO	294,317.9	69.2%
Traditional	83,787.1	19.7%
Seat Leasing	23,817.6	5.6%
POGO	10,632.9	2.5%
Retail	6,379.7	1.5%
Hotel	6,379.7	1.5%
Total	425,314.9	100%

Weighted Average Lease Expiry as of September 30, 2021 is shown below:



IV. Office Industry Benchmarks

All Metro Manila assets of RCR are in line with the market office rental rates.

	Quezon City	Ortigas Center	Mandaluyong	Makati	BGC
Rental rate/sqm/mo.	PhP500-700	PhP600-750	Php550-750	Php700-1,100	PhP850-1,200

Majority of the office takers during the 3Q are in the IT-BPM industry.

RCR tenant mix is consistent with the key demand driver for office transactions.

	BPO	Traditional	Others
1H 2021 Transactions	46%	32%	22%

Sources:

-Colliers Market Report Q3 2021

-CBRE Q2 2021 Philippines Real Estate Market Report

V. Dividends and Dividend Policy

Following the listing of RCR's common stock in the Philippine Stock Exchange on September 14, 2021, RCR has adopted a dividend policy 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 Implementing Rules and Regulations. RCR likewise intends to declare and pay out dividends on a quarterly basis each year as allowed under Rule 4 Section 4 of the Revised REIT IRR.

As of September 30, 2021, RCR has not yet declared dividends. However, on November 5, 2021, RCR declared regular cash dividends at ₱0.062 per outstanding common share, following the approval of the Board of Directors at its first regular meeting held on the same date.

RCR declared dividends out of its unrestricted retained earnings from two months of operations starting August 2 to September 30, 2021, one month more than its stated commitment in the REIT plan. The cash dividends will be payable on November 5, 2021 to stockholders of record as of November 19, 2021.

Details of the dividend distribution are as follows:

	Third Quarter Dividends (Covering Aug 02-Sep 30)	REIT Plan (Covering Sep 01-Sep 30)
Dividend per share	₱0.062 per share	₱0.027 per share
Outstanding No. of Shares (in thou)	9,948,997	9,948,997
Total Dividend Amount (in thou)	₱616,838	₱271,716
Distributable Income (in thou)	₱633,789	₱282,045
Dividend Payout Ratio	97.33%	96.34%
Dividend Yield		
At Listing Price of ₱6.45/share	5.77%	5.57%
At Current Price of ₱6.88/share ¹	5.32%	5.14%

¹As of September 30, 2021

VI. Portfolio Valuation, Net Assets Value and Market Capitalization

Portfolio Valuation

The valuation of the Properties is aligned with the appraisal reports issued by Santos Knight Frank, Inc. (SKF). SKF used the Discounted Cashflows ("DCF") Approach or Income Approach as the primary method to estimate the fair value of the buildings. Under the DCF approach, the cashflows of the properties were discounted based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model.

Net Asset Value as of September 30, 2021

Net asset value per share	₱5.99
Net asset value (in thou)	₱59,605,880

Market Capitalization as of September 30, 2021

Market price per share	₱6.88 ¹
Market capitalization (in thou)	₱68,449,101

¹from PSE edge

VII. Key Performance Indicators

Current ratio ¹	5.24:1
Solvency ratio ²	0.42:1
Debt-to-equity ratio ³	—
Asset-to equity ratio ⁴	1.03:1
Book value per share ⁵	₱5.99
Gross profit ratio ⁶	88%
EBITDA margin ⁷	84%
Net profit margin ratio ⁸	88%
Operating margin ratio ⁹	83%
Earnings per share ¹⁰	₱0.29

Notes:

¹ Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures RCR's ability to pay short-term obligations.

² Solvency ratio is derived by dividing net income after tax before non-cash expenses by total liabilities at the end of a given period.

³ Debt to equity ratio is derived by dividing our total loans and borrowings by total equity. Debt to equity ratio measures the degree of our financial leverage.

⁴ Asset to equity ratio is derived by dividing total assets by shareholders' equity. Asset to equity ratio measures our financial leverage and long-term solvency.

⁵ Book value per share is derived by dividing total equity by number of outstanding shares.

⁶ Gross profit ratio is derived by dividing gross profit by total revenues.

⁷ EBITDA margin ratio is derived by dividing earnings before interest, taxes, depreciation and amortization by total revenues.

⁸ Net profit margin ratio is derived by dividing net profit by total revenues.

⁹ Operating margin ratio is derived by dividing operating profit by total revenues.

¹⁰ Earnings per share is derived by dividing net profit by weighted average number of outstanding shares. This indicates our ability to produce net profits for shareholders.



VIII. Asset Acquisitions

Aside from real estate transactions disclosed in Notes 1 and 6 of the unaudited interim financial statements as of and for the period ending September 30, 2021, RCR did not enter into any other real estate transactions for the period.



RL COMMERCIAL

REIT


RL FUND MANAGEMENT, INC

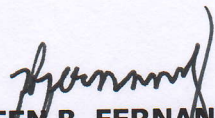
CERTIFICATION

This PERFORMANCE REPORT was prepared and assembled under our supervision in accordance with existing rules of the Securities and Exchange Commission. The information and data provided herein are complete, true, and correct to the basis of our knowledge and/or based on authentic records.

By:

RL FUND MANAGEMENT, INC.
Fund Manager of RL Commercial REIT, Inc.

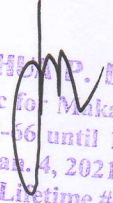

ANNA KATRINA C. DE LEON
Attorney-in-fact


EILEEN B. FERNANDEZ
Attorney-in-fact

SUBSCRIBED AND SWORN to before me this 5th day of November 2021 at Pasig City with the affiant/s exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
RL FUND MANAGEMENT, INC.	TIN: 010-622-265-000	
<i>Represented by:</i>		
Anna Katrina C. De Leon		
Eileen B. Fernandez		

Doc. No. 64 ;
Page No. 14 ;
Book No. 293 ;
Series of 2021.


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