



RL FUND MANAGEMENT, INC.

# Performance Report for the Fourth Quarter of 2021

14 February 2022

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.



## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements and forward-looking information 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. Although RCR has extensive experience and that the forward-looking statements may be reasonable, nothing herein the disclosure should be relied upon as a commitment as we cannot guarantee future events due to various risks and uncertainties.



## **TABLE OF CONTENTS**

I.	Portfolio Review	1-2
II.	Office Industry Benchmarks	3
III.	Dividends and Dividend Policy	3-4
IV.	Asset Acquisition and Financing Strategy	4

## 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 gross leasable area ("GLA") of 425,315 sqm as of 31 December 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 as of 31 December 2021 located in central business districts 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 <sup>(1)</sup>	GLA (sqm)	% of Total Portfolio GLA	Title to Asset	Title to Land
<b>Metro Manila</b>								
<b>Assigned Properties</b>								
Robinsons Equitable Tower .....	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.4%	Freehold over 96 units <sup>(2)</sup>	Subdivided interest in land
Robinsons Summit Center .	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	Freehold over 31 units <sup>(3)</sup>	Subdivided interest in land
Cyberscape Alpha .....	Ortigas CBD, Pasig City	2014	PEZA	A	49,902	11.7%	Building owned	Land leased from Sponsor for 99 years
Cyberscape Beta .....	Ortigas CBD, Pasig City	2014	PEZA	A	42,245	9.9%	Building owned	Land leased from Sponsor for 98 years
Tera Tower .....	Bridgetowne Complex		PEZA, LEED Gold	A / Prime			Building owned	Land leased from Sponsor for 98 years
	IT Park, Quezon City	2015			35,087	8.2%		Land leased from BCDA for 25 years
Cyber Sigma ....	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	11.7%	Building owned	Land leased from Sponsor for 25 years <sup>(4)</sup>
Exxa-Zeta Tower .....	Bridgetowne Complex		PEZA, LEED Silver	A / Prime			Building owned	Land leased from Sponsor for 99 years
	IT Park, Quezon City	2018			74,584	17.5%		
<b>Cybergate Center Building Leases</b>								
Robinsons Cybergate Center 2 .....	Cybergate Complex						Building leased from Sponsor	N/A
	IT Park, Mandaluyong City	2007	PEZA	A	43,672	10.3%		
Robinsons Cybergate Center 3 .....	Cybergate Complex						Building leased from Sponsor	N/A
	IT Park, Mandaluyong City	2008	PEZA	A	44,614	10.5%		
<b>Outside Metro Manila</b>								
<b>Assigned Properties</b>								
Robinsons Cybergate Cebu	Cebu City	2011	PEZA	B	6,866	1.6%	5/F to 7/F owned	Land leased from Sponsor for 98 years
Galleria Cebu ...	Cebu City	2017	PEZA	A	8,851	2.1%	3/F to 4/F owned	Land leased from Sponsor for 99 years
Luisita BTS 1....	Robinsons Luisita Complex, Tarlac City	2018	PEZA	B	5,786	1.4%	Building owned	Land leased from Sponsor for 99 years
Cybergate Naga .....	Robinsons Place							Land leased from Sponsor for 99 years
	Naga Complex, Naga City	2018	PEZA	B	6,070	1.4%	3/F to 5/F owned	Land leased from Sponsor for 99 years
Cybergate Delta 1 .....	Robinsons Cyberpark Davao, Davao City	2018	PEZA	B	11,910	2.8%	Building owned	Land leased from Sponsor for 99 years
<b>Total</b>					<b>425,315</b>	<b>100.0%</b>		

**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) RCR owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a Condominium Certificate of Title ("CCT") which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located.*
- (3) 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*
- (4) 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. Office Industry Benchmarks

All Metro Manila assets of RCR are in line with the market office rental rates<sup>(1)</sup>.

	<b>Quezon City</b>	<b>Ortigas Center</b>	<b>Mandaluyong</b>	<b>Makati<sup>(2)</sup></b>	<b>Taguig (BGC)</b>
Rental rate/sqm/mo.	P500-700	P600-750	P550-750	P700-1,100	P850-1,200

Notes:

(1) From Colliers Market Report Q4 2021

(2) Grade A

Majority of the office takers as of the period ending 31 December 2021 are in the Business Process Outsourcing ("BPO") industry.

RCR's tenant mix as of 31 December 2021 as shown below is consistent with the key demand drivers for office transactions for the year.

	<b>BPO</b>	<b>Traditional</b>	<b>Others</b>
As a % Total Occupied Area	81%	10%	9%

## III. Dividends and Dividend Policy

Following the listing of RCR's common stock in the Philippine Stock Exchange on 14 September 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 IRR. 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.

On 05 November 2021, RCR declared its first regular cash dividends for calendar year 2021 covering the period 02 August 2021 to 30 September 2021 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. The cash dividends were paid on 25 November 2021 to stockholders of record as of 19 November 2021.

On 04 February 2022, RCR declared its second regular cash dividends for calendar year 2021 covering the period 01 October 2021 to 31 December 2021 at ₱0.092 per outstanding common share, following the approval of the Board of Directors in their regular meeting held on the same date. The cash dividends will be payable on 28 February 2022 to stockholders of record as of 18 February 2022.

RCR declared cash dividends out of its unrestricted retained earnings from five months of operations starting 02 August to 31 December 2021, one month more than its stated commitment in the REIT plan.

Summary of the details of the dividend distribution in the fourth quarter of calendar year 2021 and for the period ending 31 December 2021 is as follows:

	FOR THE FOURTH QUARTER	YEAR-TO-DATE	
	(Covering 01 Oct - 31 Dec)	(Covering 02 Aug - 31 Dec)	(Covering 01 Sep - 31 Dec)
	<b>Actual</b>	<b>Actual</b>	<b>Per REIT Plan</b>
Dividend per Share <sup>(1)</sup>	<b>0.092</b>	<b>0.154</b>	<b>0.120</b>
Number of Shares Outstanding	9,948,997,197	9,948,997,197	9,948,997,197
Total Dividend Amount	₱915,307,742	₱1,532,145,568	₱1,190,705,355
Dividend Payout Ratio:			
% of AFFO <sup>(2)</sup>	96%	100%	100%
% of Distributable Income <sup>(2)</sup>	85%	92%	97%
Annualized Dividend Yield:			
at Initial Listing Price <sup>(3)</sup>	5.71%	5.73%	5.57%
at Latest Share Price <sup>(4)</sup>	4.59%	4.61%	4.48%
Total Return <sup>(5)</sup>	25.61%	26.57%	26.04%

Notes:

(1) Rounded off to three decimal places

(2) Based on unaudited numbers as of 31 December 2021

(3) Initial Listing price of ₱6.45/share

(4) Latest share price as of 14 Feb 2022 of ₱8.01/share from pse.com.ph

(5) Total Return takes into account share price appreciation since listing date and dividends declared-to-date

## IV. Asset Acquisition and Financing Strategy

### A. Asset Acquisition

The potential assets for acquisition will be from the Sponsor's extensive pipeline of income-producing commercial assets, as well as commercial assets owned by external parties.

Post-listing, RCR intends to expand its portfolio through the acquisition of stabilized properties for lease that are dividend yield accretive, and which satisfy the requirements. This may be achieved by acquiring revenue generating office buildings as well as mall spaces occupied by BPO companies from the Sponsor. In addition, RCR may also acquire assets from unrelated third parties.

The Sponsor is committed to the growth of RCR, and has entered into a Memorandum of Understanding ("MOU") as of 13 July 2021 with RCR setting out the parties' understanding for the potential future acquisition of Cyberscape Gamma and/or Robinsons Cybergate Center 1, owned by Sponsor. These two assets have a total GLA of 72,100 sqm, equivalent to approximately 17% of the Portfolio's total GLA as of 31 December 2021 of 425,315 sqm.

Under the terms of MOU, RCR and its 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 RCR'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 the business, market conditions and external factors beyond control.

### B. Financing Strategy

RCR will consider asset acquisitions via different financing methods as the case may be, including but not limited to a tax-free exchange via asset-for-share swap or cash with the Sponsor, equity and debt capital raising transactions, bank loans, among others, depending on what is in RCR's best interests.

As of 31 December 2021, RCR has zero debt. With the assignment of Philratings to RCR of a credit rating of PRS Aaa (corp.), with a Stable Outlook, the Company has the capacity to increase its leverage limit to 70% of the total value of its deposited property, higher than the 35% limit set per Rule 5, Section 8 of the REIT IRR.


**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:

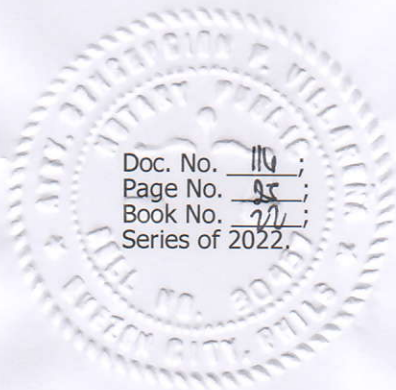
**RL FUND MANAGEMENT, INC.**  
Fund Manager of RL Commercial REIT, Inc.


  
**ANNA KATRINA C. DE LEON**  
*Attorney-in-fact*

  
**EILEEN B. FERNANDEZ**  
*Attorney-in-fact*

SUBSCRIBED AND SWORN to before me this 14<sup>th</sup> day of February 2022 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		



  
**ATTY. CONCEPCION P. VILLAREÑA**  
Notary Public for Quezon City  
Until December 31, 2022  
PTR No. 2442851 / 01-03-2022 / QC  
IBP NO 093587 / 10-22-2019 / QC  
Rol No. 30457 / 05-09-1980  
MCLE VI - 0030379 / 02-21-2020  
ADM. MATTER NO. NP-001 (2020-2021)  
EXTENDED AS COMMISSION UNDER B.M 3795  
TIN NO. 131-942-754-000