C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	1	3	0	9					

C O M P A N Y   N A M E

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and
Management Corporation)

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

25F Robinsons Cyberscape Alpha
, Sapphire and Garnet Roads,
Brgy. San Antonio, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
corp.secretary@robinsonsland.com	**N/A**	**0998-8400935**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,767	**April 15**	**12/31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Matias G. Raymundo Jr.	**jay.raymundo@rlcommercialreit.com.ph**	**8397-1888**	**N/A**

CONTACT PERSON's ADDRESS

12th Floor Robinsons Cyberscape Alpha cor. Garnet and Sapphire Road, Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records wit the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

SEC Number 151309
File Number

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)

(Company's Full Name)

25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads,
Brgy. San Antonio, Pasig City

(Company's Address)

N/A

(Telephone Number)

DECEMBER 31

(Calendar Year Ending)
(month & day)

FORM 17-A (ANNUAL REPORT)

Form Type

N/A

Amendment Designation (if applicable)

December 31, 2021

Period Ended Date

N/A

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended : **December 31, 2021**

2. SEC Identification Number : **151309**

3. BIR Tax Identification No. **004-707-597-000**

4. Exact name of issuer as specified in its charter

   RL COMMERCIAL REIT, INC. (Formerly ROBINSONS REALTY AND MANAGEMENT CORPORATION)

5. **Pasig City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

   (SEC Use Only)
   Industry Classification Code:

7. **25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Pasig City**
   Address of principal office

   1600
   Postal Code

8. **Not applicable**
   Issuer's telephone number, including area code

9. **Robinsons Realty and Management Corporation**
   Former name

   Level 2 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City
   Former address

   Not applicable
   Former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA2

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**9,948,997,197 shares**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [✓] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [✓] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [✓] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates:

₱27,642,659,931.66

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

<u>2021 Audited Financial Statements</u> (incorporated as reference for Items 7 & 12 of SEC Form 17-A)

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

a) Overview

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (RCR or 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, Parent Company or Sponsor), while JG Summit Holdings, Inc. (JGSHI) is the Ultimate Parent Company.

The Company's registered office address and principal place of business is at 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City.

On April 15, 2021, the Board of Directors (the Board or BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation (AOI) 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). 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 (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 lease agreements between the Company and RLC for these properties are executed on July 16, 2021.

On August 2, 2021, SEC approved the amendments to the Company's AOI and the Property-for- Share Swap. The Property-for-Share Swap will be accounted by the Company as an acquisition asset as it does not constitute a business combination.

Subsequent to the approval of the increase in authorized capital stock by the SEC, fourteen (14) shares will be issued to the directors of the Company.

Starting from the SEC's approval of AOI and the Property-for-Share Swap, RL Fund Management, Inc. (RFMI or Fund Manager) and RL Property Management, Inc. (RPMI or Property Manager) will handle the fund manager functions and property management functions of the Company (see Note 13). The accounting and administrative functions of the Company are being performed by the employees of RLC prior to SEC approval.

On September 14, 2021, the Company completed its initial public offering, and was listed and currently traded in the Philippine Stock Exchange (PSE) as a Real Estate Investment Trust (REIT) entity.

As a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any and all security interest thereto, provided they have complied with the requirements under Republic Act (RA) No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

b) Business

RCR, a company designated by RLC to operate as a REIT, leases to a diversified tenant base, a high-quality portfolio of 14 commercial real estate assets across the Philippines with an aggregate gross leasable area (GLA) of 425,315 sqm as of December 31, 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 the office tenants.

The principal investment mandate of RCR 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. The Company 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.

c) Competition

The Company believes 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.

The Company believes that its 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 and its subsidiary, MREIT, SM Prime Holdings, Inc. and Filinvest Land, Inc. and its subsidiary, FILRT.

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.

The Company competes on the basis of the strategic locations of its buildings, including their proximity to the malls and residences as part of its mixed-use developments and accessibility to public transportation. The Company believes that the Properties benefit from the Sponsor's established reputation of good quality, ease of doing business, and completing projects on time, which makes the Properties among the most preferred choices of the IT-BPM industry as well as local and multinational companies. The Company is 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 its customers.

d) Sources and Availability of Raw Materials and Suppliers

Presently, the major suppliers of the Company 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.

e) Customers

RCR has a broad base of customers, comprised of both local and foreign, and institutional clients. The Company is not dependent on a single or a few customers, the loss or any of which would have a material adverse effect on the business taken as a whole.

f) Employees and Labor

The employees of the Property Manager will be responsible for supervising, managing, leasing, operating, and maintaining the Properties in the Company's Portfolio pursuant to the terms of the Property Management Agreement. The employees of the Fund Manager will be responsible for implementing the Company's investment strategies and managing the assets. As such, the Company does not have and will not be directly hiring its own employees. In addition, the Sponsor will provide certain services to the Company, including IT services as well as operational and administrative functions incurred in the normal operations of a business. The 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.

g) Industry Risk

The Company is highly dependent on the performance of the Philippine property market and the state of the Philippine economy because all of its 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 the Company's 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 the Company's 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 the Company's results of operations. Thus, the Company is directly affected by the risks that affect the Philippine property market as a whole. The Company 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 the Company Properties and a decrease in its 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 the Company's 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 the Company's Properties. Because all of the Properties are located in the Philippines and because the 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 its business, prospects, results of operations and financial condition.

Item 2. Properties

The table below provides details of each property as indicated. All of the properties were developed by the Sponsor, RLC.

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Title to Asset	Title to Land
Metro Manila								
Assigned Properties								
Robinsons Equitable Tower	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.4%	Freehold over 96 units(2)	Subdivided interest in land
Robinsons Summit Center	Makati CBD, Makati City	2001	PEZA	A	31,394	7.4%	Freehold over 31 units(3)	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 IT Park, Quezon City	2015	PEZA, LEED Gold	A / Prime	35,087	8.2%	Building owned	Land leased from Sponsor for 98 years
Cyber Sigma.....	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	11.7%	Building owned	Land leased from BCDA for 25 years(4)
Exxa-Zeta Tower	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	17.5%	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%	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3...........	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	10.5%	Building leased from Sponsor	N/A
Outside Metro Manila								
Assigned Properties								
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 Naga Complex, Naga City	2018	PEZA	B	6,070	1.4%	3/F to 5/F owned	Land leased from Sponsor for 99

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio GLA	Title to Asset	Title to Land
								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
Total					**425,315**	**100.0%**		

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) 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.

The Company's properties are described as follows:

1. **Robinsons Equitable Tower.** This 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. The 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, the Company also owns an undivided interest in the land on which the Robinsons Equitable Tower is located.

2. **Robinsons Summit Center.** This 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. The 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, the Company also owns an undivided interest in the land on which the Robinsons Summit Tower is located.

3. **Cyberscape Alpha.** This 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. The Company owns the Cyberscape Alpha Building; in addition, the 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, the Sponsor will continue to own the land where the building is located.

4. **Cyberscape Beta.** This 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. The Company owns the Cyberscape Beta building; in addition, the 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, the Sponsor will continue to own the land where the building is located.

5. **Tera Tower.** This 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 6th to 20th floors with an aggregate GLA of 35,087 sqm. The Company owns the Tera Tower; in addition, the 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, the Sponsor will continue to own the land where the building is located.

6. **Cyber Sigma.** This 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. The Company owns 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 assigned to the Company. 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.

7. **Exxa-Zeta Tower.** This 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. The Company owns the Exxa-Zeta Tower; in addition, the 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, the Sponsor will continue to own the land where the towers are located.

8. **Robinsons Cybergate Center 2.** This 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. The 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, the 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 vicinity, 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, the Sponsor 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.

9. **Robinsons Cybergate Center 3.** This 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. The 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, the 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 vicinity, 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, the Sponsor 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.

10. Robinsons Cybergate Cebu. This 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. 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 the Company. The rest of the building will continue to be owned by the Sponsor. In addition, the 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, the Sponsor will continue to own the land where the building is located.

10 Galleria Cebu. This 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. The 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 the Company. The rest of the building will continue to be owned by the Sponsor. In addition, the 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, the Sponsor will continue to own the land where the building is located.

11 Luisita BTS 1. This 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. The Company owns the Luisita BTS 1 building. In addition, the 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, the Sponsor will continue to own the land where the building is located.

12 Cybergate Naga. This 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. The 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 the Company. The rest of the building will continue to be owned by the Sponsor. In addition, the 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, the Sponsor will continue to own the land where the building is located.

13 **Cybergate Delta 1.** This 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. The Company owns the Cybergate Delta 1 building. In addition, the 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, the Sponsor will continue to own the land where the building is located.

Item 3. Legal Proceedings

None of the Company, its directors or executive officers, the Fund Manager, the Property Manager and/or the Properties are currently involved in any material litigation nor, to the best of the Company's knowledge, is any material litigation currently contemplated or threatened against it, the Fund Manager or the Property Manager or involving any of the Properties.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

Item 5. Regulatory and Environmental Matters

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;

2. 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;

3. 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;

4. 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;

5. 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;

6. At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;

7. 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;

8. 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;

9. 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;

10. 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

11. 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:

12. 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;

13. Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;

14. 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);

15. 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);

16. 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;

17. 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;

18. 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;

19. 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;

20. Cash and cash equivalent items;

21. 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;

22. Offshore mutual funds with ratings acceptable to the Philippine SEC; and

23. 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:

24. 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.

25. 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.

26. 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.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 6. Market Information

RCR's common stock is traded in the PSE under the stock symbol "RCR".

Data on the quarterly price movement of its shares as of end of each quarter are as follows:

	2021		
Quarter	**High**	**Low**	**Close**
First	Not applicable		
Second	Not applicable		
Third	6.89	6.75	6.88
Fourth	7.61	7.40	7.61

The market capitalization of RCR as of end of 2021, based on the closing price of ₱7.61/share, was approximately ₱75.7 billion.

The price information as of the close of the latest practicable trading date February 17, 2022 is ₱7.64 per share

Item 7. Dividends

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

On February 04, 2022, RCR declared its second regular cash dividends for calendar year 2021 covering the period October 01, 2021 to December 31, 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 February 28, 2022 to stockholders of record as of February 18, 2022.

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

Item 8. Principal Shareholders

Robinsons Land Corporation (RLC), RCR's controlling shareholder, owns approximately 63.49% of RCR's outstanding shares as at December 31, 2021.

The following table sets forth the shareholders and their corresponding number of shares held as of December 31, 2021:

	Name of Stockholders	Number of Shares Subscribed	% of Total Outstanding Shares
1	Robinsons Land Corporation	6,316,584,573	63.49%
2	PCD Nominee Corporation (Filipino)	3,232,718,640	32.49%
3	PCD Nominee Corporation (Non-Filipino)	398,940,466	4.01%
4	Jose Anmer Paredes Jaimes	265,500	0.00%
5	Moises Dominic Carandang	265,500	0.00%
6	Emmanuel Andrew C. Venturina	155,000	0.00%
7	Myra P. Villanueva	30,000	0.00%
8	Eugene Del Rosario	10,000	0.00%
9	Anthony Labrusca	10,000	0.00%
10	Milagros P. Villanueva	10,000	0.00%
11	Myrna P. Villanueva	5,000	0.00%
12	Marietta V. Cabreza	2,500	0.00%
13	Wilfredo Paras	2	0.00%
14	Kerwin Max S. Tan	4	0.00%
15	Lance Y. Gokongwei	2	0.00%
16	Artemio V. Panganiban	2	0.00%
17	Cesar Luis F. Balte	2	0.00%
18	Frederick D. Go	4	0.00%
19	Jericho P. Go	2	0.00%
	Total	**9,948,997,197**	**100.00%**

Item 9. Management Discussion and Analysis of Financial Condition and Results Of Operation

Results of Operations and Financial Condition

RCR stellar performance outperforming target per REIT plan for 2021 on the back of stable revenue stream and operational efficiency. Furthermore, the Company delivered five months of operations, one month more than its commitment per REIT plan. Prior to the proper-for share swap which became effective on August 2, 2021 and the listing of the Company's shares in the PSE on September 14, 2021, the Company had dormant operations.

The Company's revenues for the year ending December 31, 2021 which amounted to ₱2,087.92 million was generated from its 14 investment properties consisting of the 12 office assets transferred by the Sponsor to the Company via property-for-share swap and the two Cybgergate Center buildings under building lease. RCR accounts for its investment properties using the fair value method of accounting, with changes in fair value recognized in the statement of comprehensive income. In 2021, RCR recorded a net increase fair value change in investment properties of ₱5.56 million .

Meanwhile, costs and expenses posted at ₱408.97 million which include management fees billed by the Fund Manager and Property Manager amounting to ₱181.97 million. Management fees account for 0.30% of Net Asset Value as of December 31, 2021.

Provision for income tax for the year is nil mainly due to the income tax deduction from dividends declared during year. Net income ended at ₱1,678.95 million.

As of December 31, 2021, total assets of the Company stood at ₱61,723.09 million.

Cash ended at ₱1,373.25 million and was mainly provided by its operating activities.

Receivables ended at ₱450.05 million. This is composed of trade receivables representing unbilled monthly rentals and dues and receivable from a related party pertaining to tenants' payments collected by RLC on behalf of the Company pursuant to the Comprehensive Deed of Assignment.

Other current assets ended at ₱84.31 million. This includes prepaid taxes pertaining to advance payment of real property taxes and creditable withholding taxes.

Investment properties ended at ₱59,804.16 million. This is composed of the investment properties acquired via the property-for-share swap and the right-of-use asset arising from the assigned long-term land lease with Bases and Conversion Development Authority (BCDA) for Sigma land.

Other noncurrent assets ended at ₱11.32 million. This pertains to amounts paid by the Company and billed by Robinsons Equitable Tower Condominium Corporation (RETCC) which shall be used by RETCC for the defrayment of its capital expenditures.

Accounts payable and other payables ended at ₱337.36 million. This mainly includes unpaid billings from property manager and fund manager related to the management fees and accruals for utilities and other expenses.

Deposits and other liabilities (both current and noncurrent) ended at ₱1,103.88 million. This mainly pertains to the deposits received from lessees to secure the faithful compliance by lessee of their obligation under the lease contract and the cash received in advance representing three months' rent which will be applied either to the last or first three months of the contract.

Lease liability ended at ₱247.64 million. This pertains to the future lease payments related to the long-term lease with BCDA for Sigma land.

As of December 31, 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.

A summary of RCR's key performance indicators for the calendar year follows:

	2021	2020
Gross revenues	₱2,087.92 million	₱-
EBIT	₱1,678.95 million	₱-
EBITDA	₱1,706.92 million	₱-
Net income	₱1,678.95 million	₱-
Earnings (loss) per share	₱0.4042	₱(0.0030)
Net book value per share	₱6.03	₱1.05
Current ratio	3.70:1	-
Debt-to-equity ratio	-	-
Interest coverage ratio	-	-
Asset to equity ratio	1.03:1	1.00:1
Operating margin ratio	0.87:1	-

Item 10. Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues and income

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on revenues or income from continuing operations.

All of the Company's Properties are located in the Philippines and, as a result, its 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. The results of operations will 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 the Company's 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.

There are (i) no significant elements of income or loss that did not arise from the Company's continuing operations, (ii) no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entries or other persons created during the reporting period, or (iii) no event that may trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Except for income generated from leasing, there are no seasonal aspects that have a material effect on RCR's financial conditions or results of operations, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

Item 11. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 12. Information on Independent Accountant and Other Related Matters

a) External Audit Fees and Services

<u>Audit and Audit-Related Fees</u>

The table below sets forth the aggregate fees billed to the Company for each of the last two years for professional services rendered by Sycip, Gorres, Velayo & Co.

Particulars	2021	2020
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱353,600	₱18,400
All other fees	–	–
Total	**₱353,600**	**₱18,400**

[1]*Exclusive of VAT*

There were no other significant professional services rendered by the external auditors during the period.

b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the external auditors of the Company on accounting and financial disclosures.

Item 13. Security Ownership of Certain Record and Beneficial Owners And Management

a) Security Ownership of Certain Record and Beneficial Owners as of December 31, 2021

As of December 31, 2021, the Corporation knows no one who beneficially owns in excess of 5% of the Corporation's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total Outstanding
Common	Robinsons Land Corporation [1] Level 2 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City (stockholder)	Same as record owner (See note 1)	Filipino	6,316,584,573	63.49 %
Common	PCD Nominee Corporation[2] (Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)	Filipino	3,232,718,644	32.49%

Notes:

1. *The Chairman and the President of Robinsons Land Corporation (RLC) are both empowered under its by-laws to vote any and all shares owned by RLC, except as otherwise directed by its board of directors. The incumbent Chairman and Chief Executive Officer and President of RLC are Mr. Lance Y. Gokongwei and Mr. Frederick D. Go, respectively.*

2. *PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participants will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.*

Voting instructions may be provided by the beneficial owners of the shares.

b) Security Ownership of Management as of December 31, 2021

Title of Class	Name of Beneficial Owner	Position	Amount & Nature of Beneficial Ownership	Citizenship	% to Total Outstanding
Common	1. Frederick D. Go	Director and Chairman	4	Filipino	0.00%
Common	2. Jericho P. Go	Director, President and Chief Executive Officer	2	Filipino	0.00%
Common	3. Lance Y. Gokongwei	Director	2	Filipino	0.00%

Title of Class	Name of Beneficial Owner	Position	Amount & Nature of Beneficial Ownership	Citizenship	% to Total Outstanding
Common	4. Kerwin Max S. Tan	Director and Treasurer	4	Filipino	0.00%
Common	5. Wilfredo A. Paras	Director	2	Filipino	0.00%
Common	6. Cesar Luis F. Bate	Director	2	Filipino	0.00%
Common	7. Artemio V. Panganiban	Director	2	Filipino	0.00%
	Total		**18**		**0.00%**

c) Voting Trust Holder of 5% or more – as of December 31, 2021

To the best of our knowledge, there are no persons holding more than 5% of a class under a voting trust or similar agreement.

d) Changes in Control

There has been no change in control of the Company since December 31, 2021.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 14. Directors and Executive Officers of the Registrant

The overall management and supervision of the Company is undertaken by the Board of Directors. The Company'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 of the Company for its review. Currently, the Board of Directors of the Company consists of seven members, of which three are independent directors.

The table below sets forth Board of Directors of the Company as of December 31, 2021:

Name	Age	Position	Citizenship
Frederick D. Go	52	Director and Chairman	Filipino
Jericho P. Go	50	Director, President and Chief Executive Officer	Filipino
Lance Y. Gokongwei	55	Director	Filipino
Kerwin Max S. Tan	52	Director and Treasurer	Filipino
Artemio V. Panganiban Jr.	85	Independent Director	Filipino
Wilfredo A. Paras	75	Independent Director	Filipino
Cesar Luis F. Bate	60	Independent Director	Filipino

The table below sets forth the key executive and corporate officers as of December 31, 2021:

Name	Age	Position	Citizenship
Frederick D. Go	52	Director and Chairman	Filipino
Jericho P. Go	50	Director, President and Chief Executive Officer	Filipino
Kerwin Max S. Tan	52	Director and Treasurer	Filipino
Matias G. Raymundo Jr.	37	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 Privacy Officer	Filipino

The above directors and officers have served their respective offices since August 2, 2021. The independent directors of the Company are former Chief Justice Artemio V. Panganiban, Jr., Mr. Cesar Luis F. Bate and Mr. Wilfredo A. Paras.

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

a) Directors' and Key Officers' Experience

Frederick D. Go, 52, is the Chairman, as well as a Director of the 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.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, 50, is a Director and Chief Executive Officer of the 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, 55, is a Director of the 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, 52, 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, Jr., 85, acts as an independent director of the 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, 75, acts as an independent director of the 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, 60, acts as an independent director of the Company. Mr. Bate is currently the Managing Director of LMN Advisors/Partners, Inc. and the President of Celisons Property, Inc. In 2007 to 2016, 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., 37, 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.

Catalina M. Sanchez, 42, is the Investor Relations Officer of the 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, 46, is the Data Privacy Officer of the Company. He is also the Data Privacy 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 of 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.

Atty. Juan Antonio M. Evangelista, 50, is the Corporate Secretary of the Company. He is also the Corporate Secretary of Robinsons Land Corporation. He also handles various corporate secretarial functions of a number of companies within the group. He obtained his Bachelor of Laws degree from Xavier University -Ateneo de Cagayan in 1998. He was admitted to the Philippine Bar in 1998.

Ronald Agustin R. Estrada, 50, 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 Bachelor of Laws degree from the San Sebastian College in 1997.

b) Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

c) 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.

Item 15. Executive Compensation

a) Compensation of Directors and Executive Officers

Directors

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 Bo\ard shall receive such compensation for their services, as may, from time to time, be determined by the Board.

Total amount of per diem paid to the directors for the year ending December 31, 2021 and 2020 amounted to ₱450,000 and nil.

Officers

The officers of the Company do not receive compensation from the Company. The compensation of these officers is paid by the Sponsor, RLC.

There are no other executive officers other than aforementioned and there was no other compensation paid to the directors for the periods indicated.

b) Standard Arrangement

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed calendar year and the ensuing year.

c) Other Arrangement

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 calendar year, and the ensuing year, for any service provided as a director.

d) Any employment contract between the company and named executive officer

There are no special employment contracts between the registrant and the named executive officers.

e) Warrants and Options Outstanding

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a Group.

Item 16. Certain Relationships and 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 Company. These affiliates are effectively sister companies of the Company by virtue of ownership of the Ultimate Parent Company. Related parties may be individuals or corporate entities.

The Company, in its regular conduct of business, has entered into transactions with related parties consisting of land and building lease, lease of office and commercial spaces and management services. 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 further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies, see Note 13 to the Company's financial statements as of and for the calendar years ended December 31, 2021 and 2020.

PART IV. CORPORATE GOVERNANCE

The Company's Governance Policies conform to the SEC Corporate Governance Code. All assets considered for acquisition require the recommendation of the Fund Manger's Board and various regulatory approvals.

The Company fosters transparency, compliance, and adherence to the highest standard of governance. The Audit Committee and the Related Party Transactions Committee are headed by an Independent Director. The Company has three (3) Independent Directors on its Board. Unanimous vote of Independent Directors is required for certain transactions such as related Party Transactions.

RCR's Board has adopted the Manual on Corporate Governance ("Manual"), which institutionalizes the principles of good corporate governance in the entire organization. The Company believes that it is a necessary component of sound strategic business management, hence, it undertakes 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, the Company understands the responsibilities of the Board and its members, in governing the conduct of its business, 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.

There has been no deviation from the Company's Manual since it was adopted. RCR remains compliant with all corporate governance requirements as stipulated in the Real Estate Investment Trust Act of 2009 and SEC Memorandum Circular No. 1 Series of 2020 (the Revised REIT IRR).

PART V. STATUS OF IMPLEMENTATION OF REINVESTMENT PLAN

As of December 31, 2021, the remaining balance of the proceeds from the secondary offering amounts to Seventeen Billion Twenty-One Million Two Hundred Eighty-Seven Thousand Three Hundred Fifty-Nine and 71/100 **(₱17,021,287,359.71).**

The details are as follows:

Gross proceeds as of September 14, 2021		₱21,561,472,800.00
Add: Receipt of proceeds from overallotment shares		1,867,588,470.00
Less:	Disbursements for Initial Public Offering expenses	747,542,016.33
	Disbursements for capital expenditures[1]	5,660,231,893.96
Total Disbursements		6,407,773,910.29
Balance of proceeds as of December 31, 2021		**₱17,021,287,359.71**

[1] For the details of the capital expenditures, please refer to PSE Disclosure Form REIT-2 – *Reinvestment Plan Progress Report* pertainaing to the Annual Progress Report on the application of proceeds from the sale of shares of RLC in RCR via secondary offering.

PART VI.

RL Commercial REIT, INC. (RCR) Sustainability Report

Contextual Information

Company Details	
Name of Organization	RL Commercial REIT, Inc.
Location of Headquarters	25th F Robinsons Cyberscape Alpha Sapphire and Garnet Road Barangay San Antonio, Ortigas Center, Pasig City
Location of Operations	RCR has the widest geographical reach for its 14 high quality office assets . These are located in 9 Central Business Districts and key cities across the Philippines. Attached in Annex A is the list of office assets and their respective locations.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	RL Commercial REIT, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	**RL Commercial REIT, Inc., (RCR)** is a company designated by Robinsons Land Corporation ("RLC" or the "Sponsor") to operate as a Real Estate Investment Trust (REIT). It leases commercial spaces to a diversified tenant base within its of 14 commercial real estate ("Portfolio") assets across the Philippines with an aggregate Portfolio gross leasable area of 425,315 sqm. 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 our office tenants. The principal investment mandate of RCR 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.
Reporting Period	August 2, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	Catalina M. Sanchez, Head of Investor Relations

Materiality Process

We conducted a series of workshops and discussions with key persons in our company and a cross-section of our stakeholders to help us identify what truly matters to us and to our stakeholders. This process helped widen our business perspective and enabled us to set approaches to improve our performance in both financial and non-financial aspects.

The following specific steps were undertaken:

1. Understanding the Sustainability Context. Understanding societal needs was the first step we took to determine the contributions of our core business to sustainable development. This also allowed us to identify which impacts are most material from the societal point of view.

2. Engaging our Stakeholders. Our stakeholders' inputs helped us validate and enhance our list of material topics. The process also helped us put emphasis on topics that are most important to them. We captured our stakeholders' perspectives through regular meetings, surveys, interviews and focus group discussions.

3. Identifying Material Topics. We looked at the entire value chain of our different property types, both in construction and operations, identifying key sustainability topics that matter to us and to our stakeholders. We determined the economic, environmental, and social topics that we should monitor and continually improve on moving forward. We considered the key impacts of each of our activities, relevant risks and opportunities including the key capitals we rely on to sustain and grow our business. We identify focus by looking into aspects that we are best positioned to effect positive change.

4. Measuring Performance and Defining Management Approaches: This is our first-year reporting and obtaining baseline data (2021) as basis for measuring our performance on each of the material topics identified. Following the GRI reporting standards and consolidation guidance, we ensured that the metrics used were right, and the data collected were accurate and comparable. This year, we began setting up a procedure to systematically collect more data to better measure our sustainability performance. We have also defined management approaches that will help us improve our performance on these areas.

We also referred to the UN Sustainable Development Goals to see how our impacts to environment, economy, and society is linked to delivering on specific SDG targets.

Materiality is an iterative process for us. We will continue to review how we impact the environment and society, how we measure our performance on these impact areas, and how we can better communicate these to our stakeholders.

Important Note: The discussion of impacts, risks, and opportunities are made per topic, instead per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. For example, for topic on Anti-corruption, only one discussion on Impacts, Risks, and Opportunities is made that covers both metrics: a) Training on Anti-corruption Policies and b) Procedures and Incidents of Corruption. This makes the disclosure on management approach more focused and not repetitive.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed (Billions)

Disclosure	Amount (2021)	Units
Direct economic value generated (revenue)	2.09	PhP
Direct economic value distributed :		
a. Employee wages and benefits	0.00	PhP
b. Payments to suppliers, other operating costs	0.38	Php
c. Dividends given to stockholders and interest payments to loan providers[1]	1.53	PhP
d. Taxes given to government	0.03	PhP
$e. Investments to community (e.g. donations, CSR)	0.00	PhP

[1] *Total dividends include dividends recognized for periods Q3 and Q4 of 2021.*

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity (2021)	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	88	%

Economic Performance and Procurement Practices
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Impacts. Our impact to the economy is in terms of how we distribute economic activity in the areas where we operate and in the locations of our suppliers. How we flow value to our different stakeholders determines whether we are equitable and inclusive and if we contribute to economic growth. How we distribute economic opportunities to both urban and rural areas in the country also shapes our economic performance. In 2021, 93% of RCR's revenue flowed back to society through our stakeholders, suppliers, service partners, and the government. Our biggest value distribution went to our shareholders in the form of dividends which comprised 73% of our revenue or 92% of the distributable income. Through this, we have allowed our shareholders to invest and earn in a portfolio of real estate assets without the need to purchase the property themselves. Next would be our value distribution to suppliers which is 18% of our revenue. about 1.4% goes to the government in the form of taxes. Our office buildings also host of about 150 businesses and partners who also create jobs and employs an estimated of 45,000 workforce. Majority of our office tenants are Business Process Outsourcing Companies which are categorized by the government as essential workers even during the strictest quarantine period.
Risks. Since 73% of our revenue flows to our shareholders in the form of dividends, the biggest risk of inequitable flow of economic value lies in the upkeep and safety of our assets. In order for

us to be able to provide a steady stream of dividends to our shareholders, we have to ensure that our assets are up to standard. This ensures that our office tenants can operate efficiently which will in turn be translated to satisfied customers and high occupancy rate. Furthermore, the office tenants feel secure and safe, which ultimately will keep the confidence of shareholders into our business.

Management Approach for Impacts and Risks
Ensuring Equitable Flow of value. We ensure that we maintain the highest standards in terms of our building upkeep and maintenance. We also make sure that the health and safety of our tenants are of the highest priority through our safety protocols, procedures, and monitoring. Through this, we are able to ensure a steady and equitable flow of dividends to our shareholders. Our Audit and Related Party Transactions Committee are both headed by Independent Directors. In addition, we also have our corporate governance policies in place to ensure good governance such as anti-corruption which is practiced in our transactions with our suppliers. Ultimately, we make sure that we pay a fair price to all our stakeholders to ensure equitable distribution of economic value. **Fostering equitable distribution of economic opportunities.**. RCR provides economic opportunities to the local government unit where is it present. Since properties are located across various business districts and are occupied mainly by the Business Process Outsourcing and Offshoring companies as well as multinational and traditional companies and businesses, these companies are able to provide jobs which in turn positively impact the we provide jobs to locals in those respective fields. We also prioritize sourcing goods and services locally if suppliers who meet our minimum standards are available in the locality. We only source in Metro Manila when qualified suppliers do not exist in local provincial areas. Currently, we are still challenged to find the right suppliers that will meet our supplier accreditation criteria, particularly in our Visayas and Mindanao locations. We are currently implementing initiatives to build our supplier base in areas outside the greater Metro Manila. **Ensuring equitable access to our products.** Our properties enable businesses to grow and flourish by providing our tenants the right locations with the right specification. We ensure that we cater to the needs of local merchants and organizations and grow local businesses as well as foreign brands. **Ensuring fair compensation to our employees.** Though we do not have direct employees under RCR, our service partners ensure that they benchmark their compensation packages against industry standards in the Philippines to ensure their compensation package remains competitive in the market, while ensuring their employees are paid at least a minimum wage and afford them social safety nets in cases of emergencies.

Opportunities & Management Approach
The safety of all our stakeholders is our number one priority and given our experience with the pandemic, we have strengthened are safety policies and protocol. We have installed thermal scanners and

metal detectors in all our properties and we have started using a visitor management system that will do contact tracing efficiently.

We see opportunities to improve our performance particularly on providing more contactless systems in our buildings particularly on our elevators, lavatories, and property management. We also see further opportunities to improve our supplier policy and practice on anti-corruption, compensation and benefits. As a management approach, we will undergo a review of our accreditation and supplier assessment processes to incorporate criteria that measure the economic performance of our suppliers.

Climate-related risks and opportunities

Being a real estate company, we recognize that climate related risks and opportunities are material to our organization. In 2021, we continue to assess and are still in the process of scoping and understanding the risks and opportunities related to climate impacts. At the same time, we are working on embedding this framework into our risk management processes to sufficiently and systematically produce a good basis for management to design effective approaches to manage them. When we get a strong understanding of the topic, we will elevate the same to the board and create a function in one of our board committees to look after this concern. We target to accomplish all this in the next 3-5 years, which is an ideal timeline recommended by TCFD[1] experts we consulted.

[1] The Task Force on Climate-Related Financial Disclosures

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity (2021)	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Number of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Not Available	#
Percentage of directors and management that have received anti-corruption training[1]	100	%
Percentage of employees that have received anti-corruption Training[2]	100	%

[1] Note: The Company initiated and organized an in-house Corporate Governance Seminar for its Directors and Key Officers on October 15 and 24, 2021. This was applied to SEC as Corporate Governance Training Program for the Company.

[2] Note: Some of the RCR's Anti-Corruption programs are embodied in the parent (RLC) Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others whereas employees go into training upon on-boarding.

Incidents of Corruption

Disclosure	Quantity (2021)	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Corruption undermines our ability to equitably flow value to our key stakeholders, i.e., suppliers, employees, government, and providers of capital. Risks can exist in key areas such as in procurement, and those functions that directly interfaces with government.

Management Approach for Impacts and Risks
The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program that have been implemented and being practiced by RCR's parent company, Robinsons Land Corporation. At RCR's Board level all pertaining anti-corruption committee such as Audit and Related Party Transactions committees are headed by the independent directors to make sure the fair and sound policies are implemented in the company. Meanwhile, some of the Company's Anti-Corruption programs are embodied in the parent (RLC's) Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees are required to comply with the Annual Self-Disclosure Activity on an annual basis.

The following Business Conduct & Ethics Policies are in place:

- **Conflict of Interest -** The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations that his judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

- **Conduct of Business and Fair Dealings** – The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict-of-interest situation in transactions that they are involved in.

- **Receipt of Gifts from Third Parties** – The Company discourages the acceptance of gifts. However, gifts like advertising novelties maybe given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with an estimated value of over Php2,000.00 must be disclosed to the Conflicts of interest Committee.

- **Compliance with Laws and Regulations** - The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

- **Respect for Trade Secrets/Use of Non-public Information** - The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures of material information to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.

- **Use of Company Funds, Assets and Information** - Employees are required to safeguard the Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

- **Employment and Labor Laws and Policies -** The Company ensures the observance, strict implementation and compliance with Philippine employment, labor laws and policies with regards to recruitment, employment, retention and benefits of the employees. Minimum notice period regarding operational changes ranges from three to six months, dependent on the proponent of change.

- **Whistleblowing** – The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM. The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in enforcing the policy.

Violation of any provision of the Code of Business Conduct as determined through a due process may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

The following shows the process of termination upon findings of Anti-Corruption:

1. In case an Offense is committed or supposed to have been committed by an employee or business partner, his immediate superior or transacting department must properly investigate the matter.
2. Establish and check facts that will serve as basis for decision, examining evidence physical or otherwise. Twin notices are to be sent. The concerned employee or business partner is asked to air side, while there will also be an employee conference.
3. Analysis and evaluation of the findings
4. Preserving the integrity and reliability of evidence
5. Recommendation of Penalty. If the recommended penalty is dismissal, the department head shall endorse the matter to HRD for further evaluation and will in turn endorse the matter to Corporate Legal for the conduct of Administration Investigation/hearing to determine whether or not the matter merit the imposition of dismissal
6. Imposing the penalty/dismissal will be documented using the appropriate forms
7. The concerned party will be informed verbally by explaining the findings and the penalty. All concerned parties/department must be notified of the disciplinary penalty.

8. Upon recommendation of Corporate Legal of dismissal, the Notice of Dismissal is subject to approval by the President or Company Officer authorized to do so. Upon approval of the Notice of Dismissal, the department head will serve the notice to the employee. If the employee refuses to acknowledge receipt copy of notice as such fact(s) will be annotated on all copies of the notice. The said Notice of Dismissal has to be sent via a registered mail or other accredited courier to the last known address of the employee. Proof of delivery must be kept as evidence to show that the notice was served. All concerned Departments must be noticed of the dismissal.

Opportunities and Management Approach
We are taking steps to evaluate the effectiveness of implementation of our anti-corruption policy. We are looking at opportunities to engage our employees more on this topic through conducting more regular formal trainings on anti-corruption and how to best ensure that incidences are better tracked and avoided in the company.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity (2021)	Units
Energy consumption (renewable sources)	None	GJ
Energy consumption (gasoline)	None	GJ
Energy consumption (LPG)	None	GJ
Energy consumption (diesel) [1]	24,966.87	L
Energy consumption (electricity)	23,615,712.07	kWh

[1]*Diesel is used for standby generators.*

Reduction of energy consumption

RCR plans to reduce overall energy consumption through the use and installation of more energy efficient sytems. Besides having selected buildings to be green certified, we also have conducted several energy-efficiency initiatives for our existing office buildings including switching of light bulbs to LED and retrofit/replacement of electronic equipment and other measures to meet the green building standards. We have set up a data management system to effectively track the savings and energy reduction from these initiatives.

Energy and Reduction of Energy Consumption
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Energy generation in the Philippines is still primarily reliant on fossil fuel technologies. These technologies impact the environment and people through the greenhouse gases they emit, air pollution from the stack, and high volume of water consumption, among others. Communities surrounding these conventional thermal power plants would have higher exposure to air pollutants (i.e., NOx, SOx, and Particulate matter). In addition, GHG emissions also contribute to Climate Change that impacts vulnerable countries such as the Philippines.

Management Approach for Impacts and Risks
We continue to improve the design of our properties. We have glass curtain walls that allow for natural lighting during daytime and LED lights which translate to considerable energy savings. For our office buildings, we have built two (2) LEED-certified buildings that 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, use of water-efficient toilet fixtures, rain-water harvesting system, bicycle racks and shower rooms for the use of the tenants among others..

Opportunities and Management Approach
We see opportunities of purchasing renewable power directly from renewable energy generators through retail electricity supply agreements to bring down our emissions coming from our consumption of electricity (scope 2). Moving forward, we also aim to LEED certify new office buildings to be constructed in Metro Manila and obtain green building certification as soon as is reasonably practicable.

Water consumption within the organization

Disclosure	Quantity (2021)	Units
Water withdrawal	100,754.66	Cubic meters
Water consumption[1]	25,719.69	Cubic meters
Water recycled and reused	372.84	Cubic meters

[1] To calculate our water consumption, we need to gather our total water discharge volume in all of our properties. While water withdrawal data is already being consolidated centrally water discharge volume is only being tracked at the property level. We will put together the data management system to consolidate discharge data and be able to report by 2023.

Water Consumption
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Water is a vital element of our office operations. We work to ensure availability of water to provide our customers with clean and well-maintained premises. Because of our constant need for water, we also recognize our responsibility to use this resource as efficiently as possible. We understand that for every liter of water that we consume, we could potentially deprive communities or agriculture the water that they need, given the limited freshwater availability in many cities in the Philippines where we are located.

Management Approach for Impacts and Risks
Similar to our approach to reduction of energy consumption, having our buildings green-certified contribute significantly to water reduction. We put in place measures to reduce our water consumption in our facilities such as water saving fixtures in restrooms. We also educate our customers and employees on the importance of water conservation. Our office buildings are designed with (i) rainwater collection system and/or (ii) wastewater treatment. Even as we continue to expand, our water consumption has gone down, showing that our efforts on water management are effective. Today, our offices use rainwater recovery for garden use. Our wastewater recovery program has reduced our wastewater discharge to public sewers. In addition, to the extent that we can, we also tap with the local water utility to take advantage of surface water sources. In some areas, however, it is currently inevitable that we source from ground water. The water that we use in our operations is treated and discharged in accordance to Philippine Clean Water Act standards.

Opportunities and Management Approach
We see an opportunity to conserve more water by increasing our wastewater recycling capacity and rainwater harvesting in our different properties. Water catchments and water impounding areas are also good measures that we are exploring to help recharge the aquifer and reduce the impact of ground water extraction.

Materials used by the organization

Disclosure	Quantity (2021)	Units
Materials used by weight or volume		
• renewable	None	
• non-renewable[1]		
• Cement	None	Kg
• Glass	None	Kg
• Rebars	None	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	None	%

[1] *We plan to monitor the use of non-renewable construction material for future building projects*

Materials
Management Approach for Impacts and Risks
We recognize that materials such as cement, rebars, and glass are non-renewable, and require high amounts of energy to produce them. We also recognize that the mining of minerals needed for glass, steel, and cement production could impact biodiversity. Our limestone deposits in the Philippines are also finite, hence conserving the use of minerals will help extend the life of these finite resources for future generations. Materials use impacts all stakeholders in general. Scarcity of these materials may also impact pricing which indirectly affects our own competitiveness.

Management Approach for Impacts and Risks
We work with our contractors who build our properties to continually improve designs and construction practices to ensure our buildings are designed and constructed with optimized use of materials, without compromising quality and durability.

Opportunities and Management Approach
A large part of the cost of constructing a property is the materials. Reducing material use has equivalent financial benefits. We continue to analyze materials efficiency and will look into better designs and construction systems to increase our efficiency in the use of materials, use of more environment-friendly materials or materials with recycled content.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

This is considered not material for our company since we do not have operations within or adjacent to biodiversity-rich areas.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity (2021)	Units
Direct (Scope 1) GHG Emissions[1]	60.13	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	16.819	Tonnes CO2e
(only required if 80% emission) Indirect Emissions (Scope 3) [3]	None	Tonnes CO2e
Emissions of ozone-depleting substances (ODS) R-22 (has ODP of 0.05)[4]	None	Kg

[1]*Scope 1 includes emissions from diesel consumption in operations of office buildings.*

[3,4]*We have yet to set up the system to collect data from the properties.*

Greenhouse Gas (GHG) Emissions
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Most of our emissions come from electricity consumption. The impact of this activity occurs at the power generation facilities. See discussion on impacts for energy, above. For scope 3, while these emissions are owned by our suppliers, they occur in our owned and controlled facilities. Since GHG emissions have global warming and climate change impacts, all stakeholders are generally affected, primarily those that are most vulnerable to climate change.

Management Approach for Impacts and Risks
Since our biggest emissions are coming from the electricity that we purchase from our suppliers, our options for emission reduction are limited to choosing where to buy power while ensuring our

efficiency is continually improved. Significant emissions also occur in our facilities during construction. We continue to collect consumption data from our suppliers to map the strategies that we can implement in partnership with them to reduce our overall emissions.

Opportunities and Management Approach
We see opportunities for reducing carbon emissions through purchase of cleaner energy from Retail Electricity Suppliers that can provide RE at a competitive price. This has the potential to significantly reduce our Scope 2 emissions. Moving forward, we will explore this option and find financially viable models for this mitigation strategy.

Air pollutants[1]

Disclosure	Quantity (2021)	Units
NOx	None	Kg
SOx	None	Kg
COx	None	Kg
Particulate matter (PM)	None	Kg

[1] *We will set up the right data management system and will report our consolidated results.*

Air Pollutants
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
During operations, the major source of air pollutants is from our properties that have stand-by generators. Since they are stand-by power only, their use is limited only in times of power interruption, which has become very rare in recent years. Unlike bunker C fuel, the generator sets are fueled by diesel oil, which could easily be burnt without the release of soot. Importantly, the air to fuel ratio is optimized during the operation of the generating power units. The impact of operating the generator sets on air quality is expected to be tolerable and will not cause a significant adverse impact to the environment or people.

Management Approach for Impacts and Risks
We ensure that we comply with clean air standards of the Department of Environment and Natural Resources (DENR). Our gensets are being tested and maintained regularly by third-party consultants to ensure that they remain within DENR standards.

Opportunities and Management Approach
We see opportunities for reducing our Air Pollutants. We make sure 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.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity (2021)	Units
Total solid waste generated	127,498.36	Kg
Reusable	None	Kg
Recyclable	39,133.16	Kg
Composted	77,003.96	Kg
Incinerated	None	Kg
Residuals/Landfilled	11,361.24	Kg

Hazardous Waste

Disclosure	Quantity (2021)	Units
Total weight of hazardous waste generated[1]	1,679.68	Kg
Total weight of hazardous waste transported	None	Kg

[1]*For hazardous wastes, we engage with DENR accredited transporter and treater. We allocate a separate space to store these wastes in our facilities before they are collected.*

Solid and Hazardous Wastes
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Waste generated from our facilities is collected by our accredited waste haulers and disposed of properly in the landfills closest to our locations. We recognize gaps in this system because we are unable to fully monitor how much of the waste is being collected from our facilities and is being recycled versus how much ends up in landfills. Landfills may be ineffective in storing waste; hence it could potentially contribute to marine litter. This could affect us and our stakeholders, including government, communities, waste pickers, and the environment. Biodegradable wastes in landfills are also a major source of GHG emissions.

Management Approach for Impacts and Risks
We assess the capability of our waste haulers to manage our waste including making sure that they dispose of our waste in a legally operated landfill that meets the standards of DENR. In our properties, we allocate a space for our materials recovery facility (MRF). We designate key people to effectively manage and operate the MRFs according to DENR standards. We provide trainings to our housekeeping staff who handle the waste to ensure waste is properly managed, and hauling is done regularly.

Opportunities and Management Approach
With increasing awareness of the issue of marine litter, we see an opportunity to be part of the solution and position our properties to have the best waste management system in the country. We

are currently improving our waste management system by working with our merchants to replace non-recyclables with recyclables to reduce total residual waste that is more difficult to manage. We are also working with recyclers to link them with our waste collectors to ensure the recyclable waste we generate is recycled. We are also exploring ways to process our biodegradable waste into compost or energy to reduce the total waste sent to landfills. We are piloting a system in one of our office buildings and if proven to be successful, it will be scaled up to all our properties. Moving forward, this will give us an opportunity to collaborate with our stakeholders. We will innovate on waste flows by providing training and learning opportunities to both our employees and customers.

Effluents

Effluents are relevant in all our properties. By design all our commercial, office, and hotels have been fitted with wastewater treatment facilities to meet with the regulatory requirements of DENR.

Environmental compliance

Environmental Compliance
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
The activities that we do in our value chain such as in construction involve movement of soil, materials, and potential disruption of the environment. Operating large properties like office buildings and malls also consume significant quantities of resources and produce large volumes of waste. Hence, risk to non-compliance with environmental laws exist across our value chain. Impacts of non-compliance with environmental laws and regulations could grossly impact our operations, costs, and reputation. Non-compliance could affect a lot of stakeholders from our own employees to those in the surrounding communities, including the environment itself.

Management Approach for Impacts and Risks
Compliance with environmental laws is fundamental to our operations. We have a designated unit that ensures all aspects of our operations are compliant with relevant laws. We ensure our sewage treatment facilities are fully operational to ensure our effluents meet the Clean Water Act.

Opportunities and Management Approach
We plan to step up our internal capability building and improve our systems so that all activities that we will do will remain compliant with government regulations. We will invest in training and monitoring activities to correct any non-compliance issues in our operations internally to reduce findings from audits of government and third -party consultants.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity (2021)	Units
Total number of employees [1]	-	#
a. Number of female employees	-	#
b. Number of male employees	-	#
Attrition rate[1]	N/A	rate
Ratio of lowest paid employee against minimum wage	N/A	ratio

[1]No employees hired under RCR in 2021 since all personnel involved in the administration and operations are seconded from RLC, RLFM & RLPM. Their contracts are with RLC, RLPM & RLFM hence they are accounted for in their headcount.

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	N/A	N/A
PhilHealth	Y	N/A	N/A
Pag-ibig	Y	N/A	N/A
Parental leaves	Y	N/A	N/A
Vacation leaves	Y	N/A	N/A
Sick leaves	Y	N/A	N/A
Medical benefits (aside from PhilHealth)	Y	N/A	N/A
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	N/A	N/A
Rice Subsidy	Y	N/A	N/A

Diversity and Equal Opportunity

Disclosure	Quantity (2021)	Units
% of female workers in the workforce	N/A	%
% of male workers in the workforce	N/A	%
Number of employees from indigenous communities and/or vulnerable sector[1]	N/A	#

[1] *Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Employee Hiring and Benefits, Diversity and Equal Opportunity
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Our policy and practice in hiring determines our ability to foster equal distribution of opportunities across diverse set of peoples. For example, setting a policy on gender equality or hiring people coming from vulnerable groups will determine how much opportunity we are able to distribute to the male and female population or vulnerable groups given their nuanced needs and circumstances. Hence, we will take our hiring policy seriously to provide everyone a level plane field to access the employment opportunities that we create through our business. The benefits we will provide our employees deliver a lasting effect to our employee's quality of life. For example, providing health care coverage to our employees determines their resilience to medical emergencies, which is key to maintaining quality of life. Employees who enjoy good quality of life will tend to be more engaged and productive in the workplace, which impacts our business positively.

Management Approach for Impacts and Risks
Hiring, Benefits, Diversity and Equal Opportunity. RCR will hire based on capability and alignment with the requirements of the job. In our hiring process, we do not discriminate against any person in terms of gender, ethnicity, age, and other circumstances. We apply anticipatory hiring strategy looking at our needs in the next 3-5 years based on our long-term business strategy. We have an intake program to hire early on and better prepare our new hires even before the actual needs arises. **Benefits.** We benchmark our benefit structure with the industry standards and adjust accordingly to stay within the industry average. On top of government-mandated benefits, we provide other benefits as part of our engagement initiatives such as healthcare coverage (HMOs), life insurance, medical allowance, rice subsidy, bereavement assistance, discounts to our products, and access to affordable emergency loans.

Opportunities and Management Approach
Attrition. RCR will manage its attrition rate through training and development, mentorship and guidance by supervisors, discussion with employees and managers on employee's career growth, as well as review of our benefits and total rewards policy if needed.

Benefits. RCR will assess the benefit availed rates of our employees across our different benefit types to determine overall effectiveness of our benefit structure.

Employee Training and Development

Disclosure	Quantity (2021)	Units
Total training hours provided to employees		
a. Female employees	N/A	hours
b. Male employees	N/A	hours
Average training hours provided to employees[1]		
a. Female employees	N/A	hours/employee
b. Male employees	N/A	hours/employee

Employee Training and Development
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
The level of training hours is an important driver to employee growth and development. RCR believes that employee trainings impact their overall growth of the employees as a professional. Highly trained and highly engaged employees are more productive, which also benefits the company.

Management Approach for Impacts and Risks

RCR will adopt a centralized learning framework that is anchored on the Core Values of the organization. RCR follows curriculum consistent with the standards which are categorized into internal learning courses as follows:

1. **Core Development Programs -** enhances the soft skills of employees. This includes programs on customer service, communication, and professional image.
2. **Management Development Programs** aim to provide a strong leadership and coaching culture in the organization, hence programs aimed to develop these competencies fall under this.
3. **Executive Development Programs** target high potential and high performing leaders. This covers programs on problem solving, negotiation, finance, and strategic communication.
4. **Functional Training Programs.** There are Functional Training Programs that are customized per department that address the gaps of different functions. These programs include development plans for Engineering, Leasing, Marketing, Construction Management, and Operations. There is a continuous development of in-house SMEs (subject matter experts) who continue to impart learning on the job to their colleagues via share and learn sessions that allows for sharing of best practices while learning new technology and trends at the same time.

RCR will promote the development of employees by providing relevant and timely training programs anchored on the training needs of the company and the employees.

Opportunities and Management Approach
RCR will anticipate new skills and capability needed by our employees to help us prepare for the future in terms of new technologies and industry practices in real estate. For example, we are continually on the look-out for new and better technologies and practice in managing office buildings. Being continually informed on new industry developments enable us to take leadership in the market.

Labor-Management Relations

Disclosure	Quantity (2021)	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

Labor – Management Relations
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
At RCR, we believe that good labor-management relations create a healthy workplace. It enables employees to raise their concerns to the management. It helps the management find ways to refine its policies and systems that improve workplace conditions in both construction and in operations. Good workplace conditions help reduce health and safety risks and provide social safety nets for our employees in times of crisis. Poor Labor-Management relations grossly affect performance and inherently has high reputational risk.

Management Approach for Impacts and Risks
RCR is committed to providing decent workplace for our employees and provide their needs to be effective in their work. We will practice an open-door policy. Employees may directly communicate to their immediate superior or to HR department. We will also listen to our employees through employee engagement surveys and other ad-hoc surveys that are conducted by our HR. We will also provide informal avenues for employees to raise their concerns to the management, such lunch meetings and get together activities. RCR will ensure the observance, strict implementation and compliance with employment and labor laws and policies with regards to recruitment, employment, retention and benefits of the employees. Minimum notice period regarding operational changes ranges from three to six months, dependent on the proponent of change.

Opportunities and Management Approach
RCR will solicit feedback from employees through formal and informal feedback sessions.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity (2021)	Units
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work-related ill-health	N/A	#
No. of safety drills	N/A	#

Labor Laws and Human Rights[1]

Disclosure	Quantity (2021)	Units
No. of legal actions or employee grievances involving forced or child labor	N/A	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

<table>
<tr><th>Topic</th><th>Y/N</th><th>If Yes, cite reference in the company policy</th></tr>
<tr><td>Forced labor</td><td>Y</td><td rowspan="2">Indicated in the Employee Discipline Policies and Guidelines; “Notwithstanding the express enumeration of acts, omission or incidents in the Offenses Subject to Disciplinary Action (OSDA), the pertinent provisions of the Labor Law and allied laws, rules, and regulations are deemed incorporated in the OSDA. For acts or omission not specifically treated in the OSDA, the pertinent provision of law shall apply”</td></tr>
<tr><td>Child labor</td><td>Y</td></tr>
<tr><td>Human Rights</td><td>Y</td><td>Indicated in OSDA; (1) Sections 3- Acts or Omissions Concerning Relationships with Superior, Attendance to and Performance of Assigned Duties, (2) Section 4- Acts or Omissions Concerning Harmony and Good Order, Safety and Decency at Work

• Policy on Sexual Harassment
• Policy on Health, Safety and Welfare
• Corporate Environment, Health and Safety Policy
• Drug Free Workplace Policy
• Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis
• Special Benefits for Women/Magna Carta for Women
• Leave Benefits Policy (includes Expanded Maternity Leave, Solo Parent Leave, Vacation Leave, Sicke Leave,</td></tr>
</table>

		Service Incentive Leave, Nuptial Leave, Emergency Leave, Bereavement Leave) • Whistleblowing Policy • Data Privacy Policy • Flexible Work Arrangement Policy • Work From Home Program • Mental Health and Wellness Policy • Environmental Health and Safety Policy • Retirement and Separation Benefits Policy

[1] *We do not have complete explicit written corporate policies relating to these topics since these are expressly defined in our Philippine labor laws, which we ensure compliance in all our operations.*

Workplace Conditions, Labor Standards, and Human Rights
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Compliance to labor laws and human rights standards, as well as safe operation and accident prevention are fundamentals to running a good business. Threats to the rights, health, and safety of our employees impacts our productivity, employee retention, and employee engagement. More importantly, it impacts the wellbeing and quality of life of our employees. Risks to health and safety are greater in construction sites than in operations. **Management Approach for Impacts and Risks** OSH management system is primarily designed to protect the health and safety of individual workers or members of the company. OSH Trainings is regularly conducted for the Lead Persons – Engineers, Security, Operations personnel of RCR properties. Health and safety risks are regularly assessed to identify ways to eliminate or minimize incidence. RCR implements standards for safe working practices and ensure they are practiced by all our seconded employees, especially those involved in construction and operations. In-house auditing and inspections are being conducted by facility's/property engineers and operation's personnel. Documentations are done by engineering and security and validated by a JG Summit Engineering group. To ensure protection of the seconded employees from the exposure to COVID virus during the pandemic, RCR ensures that new normal protocols are still followed in its workplace, such as the mandatory submission of health declaration, physical distancing in the workplace, work-from-home arrangements, shifting schedules, restrictions on physical meetings & gatherings and strict implementation of sanitation protocols. A healthcare team was established to check and assess conditions of the employees when they have exposure or display symptoms of COVID. RCR seconded companies regularly submit safety records to the Department of Labor and Employment (DOLE) to comply with their safety, health, and welfare standards and policies. Beyond safety, we will ensure all our operations comply with labor laws, including those relevant to forced labor, child labor, and human rights. We conduct periodic internal audits

to monitor these risks in all our operations. The findings are discussed in the top management. **Opportunities and Management Approach** We continue to work with our contractors to build a culture of safety in all our construction and operations. Activities will be done to educate and remind our employees on safety standards and protocols to strengthen our safety culture and make safety a second nature to our employees not just in the workplace but even in their homes.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
Yes. Pertinent portion is re-stated in column no# 3 below.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N[1]	
Forced labor	N[1]	
Child labor	N[1]	
Human rights	N[1]	
Bribery and corruption	Y	4. **As stipulated in Supplier Accreditation Policy, one of the Grounds for Suspension and Debarment is:** "…Without the written consent of the company, directly or indirectly offers or gives any benefit or compensation in cash or ot herwise, to a company employee because of the employ ee's association, engage- ment or duties with the company."

[1] *We do not have explicit written corporate policies relating to these topics since these are expressly defined in our Philippine labor laws, which we ensure compliance in all our operations.*

Supply Chain Management
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
About 18% of our revenue flows to our suppliers. Most of the activities we do in the value chain is carried out by suppliers from construction to property management. Hence the impact of our suppliers to environments, society, and economy (ESE) is a significant portion of our impact. Our supplier's success in delivering their output determines our own success. Their impacts to ESE affect essentially all our stakeholders.

Management Approach for Impacts and Risks

Our current supplier accreditation policy ensures that all our suppliers meet the minimum standards to deliver quality output for us. Through our accreditation process, we assess their capability and compliance to all relevant laws and regulations.

Our supplier accreditation process are as follows:

1. **Application** - All suppliers intending to do business with any BU must apply for accreditation through the submission of an accomplished Supplier Accreditation Application (SAA) together with the required documents. SAA contains the basic information about the supplier's company, organization, products or services offered and other relevant information necessary to evaluate the supplier's overall competencies.
2. **Appraisal** – RCR shall appraise all suppliers applying for accreditation using a rating system for both the company and the product or service. The Rating System for each accreditation criteria may vary by commodity group. The supplier must meet at least 75% to be recommended for accreditation approval.
3. **Accreditation Approval** – Approval will be done by the RLC Supplier Accreditation Team.

On top of accreditation process, the following processes are being done to assess the performance of suppliers.

1. **Maintenance –** All accredited suppliers shall be included and maintained in the supplier information database.
2. **Review and Evaluation** – on a periodic basis, a complete reassessment of the supplier performance like the initial accreditation process will be conducted based on key performance metrics.

Any supplier that fails to comply with minimum standards go through the following recourse: 1) Suspension, 2) Debarment, 3) Appeal Process, and 4) Reinstatement if the supplier is able comply with our minimum standards.

Opportunities and Management Approach
We are currently reviewing our supplier accreditation policy to include relevant to environment, social, and economic criteria to ensure that our sustainability standards and practices is also applied to the supplier. We hope to come-up with a revised policy by end of 2022-2023 and be able to cascade to all suppliers moving forward.

Relationship with Community

Significant Impacts on Local Communities

1. **Health & Safety Protocols**
To ensure health & safety of all RCR buildings' tenants, employees and visitors, RCR developed its "Comprehensive COVID-19 Guidelines" that aim to provide standards of health & safety to the tenants in line with COVID-19 prevention. These are in compliance with government mandated protocols. Some of the protocols implemented are:

- RWork Pass implemented in Robinsons Cyber Sigma and Robinsons Summit Center
- Walk-through metal detector with temperature scanner
- Copper film installation on highly-touched surfaces
- etc

Vulnerable groups: All tenants, employees and visitors of RCR buildings

Impact on Indigenous peoples: N/A

Community rights and concerns of communities: It provides the beneficiaries (tenants, employees & visitors) access to clean and safe office spaces.

Mitigating Measures: The operations have no significant negative impact, hence it requires no mitigating measures.

2. **Typhoon Odette Relief Efforts**
RCR's Cyberscape Beta helped mobilize relief operations by gathering employee volunteers to help pack clothing items for RCR affiliated employees in VisMin properties affected by Typhoon Odette. **Vulnerable groups:** RLC Employees affected by Odette **Impact on Indigenous peoples:** N/A **Community rights and concerns of communities:** It provides the beneficiaries (tenants, employees & visitors) access to clean and safe office spaces. **Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

3. **Adopt-a-Community in Brgy Talisay Cebu**
RCR's Adopt-a-Community Project provided 1 month supply of meals and 4-month livelihood program to chosen ultra-poor families in Brgy Talisay Cebu City. This program promotes poverty reduction and address the socio-economic needs of program participants. It empowers the beneficiaries to make measurable progress in their struggle out of ultra-poverty and establish them on trajectories of success. **Vulnerable groups:** indigent families of Talisay Cebu **Impact on Indigenous peoples:** N/A **Community rights and concerns of communities:** It allows the beneficiaries to access social welfare services that will benefit their health & livelihood. **Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

4. **LEED Certification**

Part of RCR's goal is to contribute to the preservation of the environment for the community through several green initiatives for the longevity of our surroundings that provide the community with place for shelter and employment. As of 2021, RCR has already acquired 2 LEED Certification, namely for (1) Robinsons Tera, for LEED Gold Certification and (2) Robinsons Exxa & Zeta Towers for LEED Silver Certification. RCR is a leading proponent of green office buildings, incorporating environment friendly and energy efficient features, that are certified by the US Green Building Council for LEED or Leadership in Energy and Environmental Design. **Vulnerable groups:** N/A **Impact on Indigenous peoples:** N/A **Community rights and concerns of communities:** It provides environmental benefits to the community. **Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

Disclosure on Free and Prior Informed Consent (FPIC) is not material given that there are no operations that is within or adjacent to ancestral domains of indigenous peoples.

Relationship with Communities
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Community could get impacted positively or negatively ranging from physical risks to social and economic risks. For example, displacement can be both physical displacement or economic displacement due to our presence. Negative impacts in the community could have significant impact to our reputation and social license to operate. Conversely, delivering positive benefits to community enable us to build stronger partnerships such as in local sourcing of goods and talents.

Management Approach for Impacts and Risks
Our social/community impact assessment and risk management process is a mandatory process that guides sustainability-related risk management and integrates a risk register into operating plans. As part of that process, exploration, production and major projects are examined against the physical, social and political settings of our operations. Local concerns may influence the potential importance of these stakeholder and environmental matters including long-term risks and cumulative impacts. Risks are identified and described by a diverse group of subject matter experts in each business unit (BU) and project. To help RCR in Community Assessment and affairs a System Management Approach is developed: 1. **Impact and Risk Assessment-** Assessment is basically the identification of potential and likely risks within a particular community, and the process of prioritizing those risks. The community risk assessment process can be as complex and detailed as local resources permit. Or, using basic skills and resources available to most organizations,

can be a more simplified process that will produce basic information that can be used effectively for intervention/enhancement projects.

2. **Mapping Stakeholders and Prioritizing Risks**- Identifying the people related to the project, those who will be affected by the development and those than can influence, and to help develop strategies to engage these people in the right way. In most contexts community development projects will have a wide-variety of actors. Also, during this process, a risk register is developed looking at the long term and short term, and also looking at the probability and severity.
3. **Addressing the Risk**- A structured and coherent approach to managing the identified and ranked risk.
4. **Engage Stakeholders**- Communicate and collaborate on strategies and action plans in addressing risks and impacts.
5. **Measure and Monitor-** Tracking and assess actions to ensure ongoing adequacy and effectiveness of the management system.

Over-all, incorporating community affairs strategy into business brings transformative power through business excellence. Our philosophy is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government, to prosper and compete effectively. Also, for society to thrive, profitable and competitive business must be developed and supported to create income, wealth, tax revenues and opportunities for engaged social development.

Opportunities and Management Approach

RCR uses the Community Assessment tool during the different phases of development; from Business development, construction and operations of projects and properties. Done properly, commercial development can improve a local community in more ways than one, by adjusting, innovating and continuously improving systems, services and products being put-out by the company.

Accordingly, since engagement and transparent reporting and disclosure of how we minimize and mitigate risks associated with construction and operations is a top business priority and key concern of our stakeholders; periodic communication and reporting is to be enhanced.

Customer Management

Customer Satisfaction

Disclosure	Score (2021)	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	0	N

Health and Safety

Disclosure	Quantity (2021)	Units
No. of substantiated complaints on product or service health and safety[1]	0	#
No. of complaints addressed	0	#

[1] *We have different channels to receive customer complaints relevant to our various product and services, however we do not have a system yet to filter the complaints relevant to health and safety aspect, hence we could not disclose this data at this time. We will improve the system capability to collect this data for reporting in 2022.*

Marketing and labelling

This topic is not material to our company, since we do not sell fast-moving consumer products.

Customer Privacy

Disclosure	Quantity (2021)	Units
No. of substantiated complaints on customer privacy[1]	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

[1] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity (2021)	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Customer Management - Health and Safety, Customer Privacy and Data Security
Impacts and Risks: Where it occurs, RCR's involvement, stakeholders affected
Customer management is fundamental to corporate success and sustainability. Our ability to keep our customers satisfied is at the core of our performance as a corporation. Ensuring their health and safety in the use of our products, and protecting their information are ways to deliver customer satisfaction. Our inability to meet their expectation poses a significant risk to our viability in both the short-and-long term horizons.

Management Approach for Impacts and Risks
Customer Satisfaction. We conduct periodic market research to gauge customer expectations and build the right products and services to meet their expectations, needs, and capabilities. Our customer satisfaction surveys tell us whether the products and services as

designed has indeed met their requirements. We continually iterate and improve our performance through these processes.

Health and Safety. We ensure that our properties do not pose any risk to health and safety of our employees. This is assured from the design process to construction as well as operations that it meets the highest building standards that ensures it is resilient to any structural threats. In our malls, we continue to assess risks to our customers such as slippage and fall and periodically audit to ensure compliance to our standards.

Customer Privacy and Data Security. All personal information processing of customers, tenants, guests, business partners and employees are in accordance with the Data Privacy Act of 2012. We have appointed a Data Privacy Officer to lead compliance with the Act, its IRR, issuances of the National Privacy Commission and other applicable laws and regulations relating to privacy and data protection.

A Data Privacy Statement is published in the Company website, linked in emails, other digital or electronic channels, and paper-based forms or templates that are used to collect personal data for the purpose of communicating our commitment in upholding the privacy rights of individuals. To receive and address all data privacy inquiries and complaints, the contact details of our Data Protection Office are shown on our company website and various privacy notices.

We collect and/or process personal data only when necessary and in adherence to the principles of transparency, legitimate purpose and proportionality. Processing, disclosure, sharing and retention of such data shall be compatible with the declared, specified and legitimate purpose. Adequate and appropriate physical, technical and organizational measures are in place to safeguard the personal information.

To protect customer data as well as all our other confidential information, we have implemented a strong security policy, put in place advanced network security protection and monitoring process in the following aspects of our data management system:

- **Secured Email System.** RCR is using advanced security protection thru Microsoft Office 365 as employee's corporate email. It provides URL filtering, screening of attachments and links to be protected from spam and phishing.
- **End-point Security Protection.** RCR installed Cloudstrike Endpoint Protection as last defense layer to protect end-user from malware, spam and phishing.
- **Protection of RCR's edge network.** RCR used a strong network firewall rules that serve as a network gateway to only allow authorized and specific ports to pass through. It also includes URL filtering and secured VPN connections among its remote sites.
- Disallowed the use of external storage by employees.
- We have corporate information security team that performs Security Vulnerability Assessment and Penetration Testing (SVAPT) on regular and on-demand basis specially before we launch a new website
- 24x7 IT Service Desk that also monitors all our network, systems and applications thru our monitoring system which could detect performance degradation, capacity threshold breach and availability faults. The team is alerted and performs

remediation actions following incident management process and service level targets.

Opportunities and Management Approach
Customer management is a continual improvement process. We continually assess our customer experience journey and find ways to better meet their expectations. Moving forward, we aim to define more precise metrics for measuring our performance on these areas. Beyond customer satisfaction, we intend to measure the real economic and social value we contribute to our customers and their stakeholders, such as how our malls are able to increase their access to market through increased foot traffic to our malls to better understand how our product enable them to grow as they locate with us. A more systematized measurement of economic and social value will enable us to better optimize our products for increased value to the customers we serve and to society in general.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Office Space	We provide a suitable location where businesses can operate and grow contributing to job creation and increased economic activity in the areas where we locate. To date we have 666,448 square meters of gross floor area.	Apart from the environmental, social, and economic impacts identified above, we see no further material negative impacts of this product to SDGs.	Nothing material that we could identify

Annex A. Location of Operations

Office Buildings (Total of 14)

Name	Location	Address	Size & designation
Metro Manila (9)			
Robinsons-Equitable Tower	Ortigas Center, Pasig City	Corner of ADB Ave and Poveda St., Ortigas Center, Pasig City	45-stroey
Robinsons Summit Center	Makati City	Ayala Avenue, Makati City	37-storey
Robinsons Cybergate Center Tower 2	Mandaluyong City	Pioneer St., Mandaluyong City	27-storey
Robinsons Cybergate Center Tower 3	Mandaluyong City	Pioneer St., Mandaluyong City	27-storey
Robinsons Cyberscape Alpha	Ortigas Center, Pasig City	Sapphire and Garnet Roads, Ortigas Center, Pasig City	26-storey
Robinsons Cyberscape Beta	Ortigas Center, Pasig City	Ruby and Topaz Roads, Pasig City	37-storey
Tera Tower	Bridgetowne West, Quezon City	Bridgetowne, E. Rodriguez (C5) Avenue, Quezon City	20-storey
Cyber Sigma	Fort Bonifacio, Taguig City	Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City	21-storey
Exxa and Zeta Towers	Bridgetowne West, Quezon City	Bridgetowne, E. Rodriguez (C5) Avenue, Quezon City	20-storey

Provincial (5)

Name	Location	Address	Size & designation
Robinsons Cybergate Cebu	Cebu City	Fuente Osmena, Bo. Capitol, Cebu City	3-storey
Robinsons Galleria Cebu Office	Cebu City	Gen. Maxilom Avenue, Cebu City	4-storey
Robinsons Luisita Office	Luisita Tarlac	McArthur Highway Bo. Tarlac City, Tarlac	3-storey
Cybergate Delta Tower 1	Davao City	JP. Laurel Ave., Davao City	5-storey
Cybergate Naga	Naga City	Almeda Highway, cor Roxas Avenue, Naga, Camarines Sur	4-storey

PART VII. EXHIBITS AND SCHEDULES

Item 17. Exhibits and Reports on SEC Form 17-C

Following is a list of corporate disclosures of RCR filed under SEC Form 17-C for the period from September 21, 2021 to December 31, 2021:

Date of Disclosure	Subject Matter
September 21, 2021	PSE Disclosure Form REIT-3 - Weekly Report - Stabilization Activities
September 28, 2021	PSE Disclosure Form 4-31 - Press Release
September 29, 2021	PSE Disclosure Form 4-31 Press Release - 28 September 2021
September 30, 2021	PSE Disclosure Form 4-31 Press Release - 29 September 2021
September 30, 2021	PSE Disclosure Form REIT-3 - Weekly Report - Stabilization Activities
October 12, 2021	PSE Disclosure Form REIT-3 - Weekly Report - Stabilization Activities
October 13, 2021	PSE Disclosure Form REIT-3 - Stabilization Activities - Closing Date
October 19, 2021	PSE Disclosure Form REIT-3 - Week 5 Stabilization Activities
October 29, 2021	PSE Disclosure Form REIT-3 - October 28, 2021 - Closing Stabilization Report
November 05, 2021	PSE Disclosure Form REIT-6-A
November 05, 2021	PSE Disclosure Form 4-31 - RCR Declaration of Dividends
December 31, 2021	PSE Disclosure Form REIT-3 - RCR 3 Year Investment Plan

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on FEB 1 8 2022 2022.

By:

JERICHO P. GO
President and CEO

KERWIN MAX S. TAN
Treasurer

MATIAS G. RAYMUNDO JR.
CFO and Compliance Officer

JUAN ANTONIO M. EVANGELISTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of FEB 1 8 2022, 2022 affiant(s) exhibiting to me his/their Residence Certificate, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Jericho P. Go			
Kerwin Max S. Tan			
Matias G. Raymundo Jr.			
Juan Antonio M. Evangelista			

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2022
PTR No. 244[illegible] / [illegible]2 / QC
IBP NO. 093587 / 10-22-2019 / QC
Roll 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

Notary Public

Doc. No. 463
Page No. 94
Book No. 19
Series of 2022

RL COMMERCIAL REIT, INC.
INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

RCREIT

25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, San Antonio, Pasig City

February 17, 2022

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 **RL Commercial REIT, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as of December 31, 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

JERICHO P. GO
President & CEO

KERWIN MAX S. TAN
Treasurer

Signed this ____ day of ____

SUBSCRIBED AND SWORN TO BEFORE ME THIS FEB 1 8 2022
IN QUEZON CITY

DOC# 468
PAGE# 95
BOOK# 19
SERIES OF 20 22

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
Roll 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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	1	3	0	9

COMPANY NAME

RL COMMERCIAL REIT, INC. (FORMERLY ROBINSONS REALTY AND MANAGEMENT CORPORATION)

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

25F ROBINSONS CYBERSCAPE ALPHA, SAPPHIRE AND GARNET ROADS, BRGY. SAN ANTONIO, PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corsec@robinsonsland.com	N/A	0998 840 0935

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,767	04/15	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Kerwin Max S. Tan	Kerwin.Tan@robinsonsland.ph	(02) 8397-0268	0998 840 0574

CONTACT PERSON's ADDRESS

14th Floor Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City

NOTE1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.* ***2 :*** *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
RL Commercial REIT, Inc.
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Pasig City

Opinion

We have audited the accompanying financial statements of RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Investment Properties

The Company has investment properties consisting of office buildings that earn rental revenue. Under the implementing rules and regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. 9856), the Company is required to recognize its investment properties at fair market values in accordance with Philippine Accounting Standard 40, *Investment Property*. The total fair value of the Company's investment properties amounted to ₱59,804.16 million as of December 31, 2021. The Company determined the fair value of the investment properties based on the valuations carried out by an independent property valuer using the discounted cash flow model (DCF model). Under this valuation, the future cash flows are estimated and discounted using an appropriate discount rate. The valuation methodology accordingly involves significant judgment and estimation.

We identified the valuation of investment properties as a key audit matter because the carrying value of investment properties as of December 31, 2021 is significant to the financial statements representing 97% of total assets and the DCF model involves significant judgment, estimation and assumptions. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions. These assumptions primarily include discount and growth rate estimates that are critical inputs in the valuation of the investment properties. Changes in these assumptions would significantly impact the fair value of the investment properties reported in the financial statements.

The related disclosures on the fair value of investment properties are included in Note 9 to the financial statements.

Audit Response

We assessed the competence of the independent property valuer by gaining an understanding of their experience and qualifications.

We involved our internal specialists in evaluation of the methodology and assumptions used in the valuation of the investment properties. The critical assumptions primarily included the discount rates, growth rates and free cash flows. We compared the discount and the growth rates to available published reports in the real estate industry. On a sample basis, we also tested other key inputs in the valuation such as lease rate and lease term.

We also assessed the adequacy of the related disclosures on the investment properties in the financial statements.

Other Information

Management is responsible for the Other Information. Other Information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on (?) our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of RL Commercial REIT, Inc. in a separate schedule. Revenue Regulations 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.

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
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0664-AR-4 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854360, January 3, 2022, Makati City

February 17, 2022

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Notes 6 and 13)	**₱1,373,255,004**	₱–
Receivables (Notes 7 and 13)	**450,046,517**	6,581,793
Other current assets (Note 8)	**84,306,950**	–
Total Current Assets	**1,907,608,471**	6,581,793
Noncurrent Assets		
Investment properties (Note 9)	**59,804,160,247**	–
Other noncurrent asset (Note 8)	**11,317,680**	–
Total Noncurrent Assets	**59,815,477,927**	–
	₱61,723,086,398	₱6,581,793
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 10 and 13)	**₱337,364,338**	₱–
Deposits and other current liabilities (Note 11)	**178,834,639**	–
Total Current Liabilities	**516,198,977**	–
Noncurrent Liabilities		
Lease liability (Note 18)	**247,640,807**	–
Deposits and other noncurrent liabilities (Note 11)	**925,040,450**	–
Total Noncurrent Liabilities	**1,172,681,257**	–
Total Liabilities	**1,688,880,234**	–
Equity (Note 12)		
Capital stock	**9,948,997,197**	6,250,000
Additional paid-in capital	**49,022,762,831**	–
Retained earnings	**1,062,446,136**	331,793
Total Equity	**60,034,206,164**	6,581,793
	₱61,723,086,398	₱6,581,793

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Rental income (Notes 13, 14, 17 and 18)	**₱1,731,008,218**	₱–	₱–
Income from dues (Note 14)	**328,937,576**	–	–
Income from dues - net (Note 15)	**22,139,614**	–	–
	2,082,085,408	–	–
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES			
Increase in fair value of investment properties (Note 9)	**113,634,885**	–	–
Straight-line adjustments (Note 14)	**(103,965,874)**	–	–
Lease commissions (Note 9)	**(4,111,896)**	–	–
	5,557,115	–	–
Other income (Note 16)	**281,172**	–	267,159
	2,087,923,695	–	267,159
COSTS AND EXPENSES			
Direct operating costs (Note 17)	**277,486,208**	–	–
General and administrative expenses (Note 17)	**127,533,110**	18,950	35,983
Interest expense on lease liability (Note 18)	**3,952,208**	–	–
	408,971,526	18,950	35,983
INCOME (LOSS) BEFORE INCOME TAX	**1,678,952,169**	(18,950)	231,176
PROVISION FOR INCOME TAX (Note 19)	**–**	–	–
NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)	**₱1,678,952,169**	(₱18,950)	₱231,176
Basic/Diluted Earnings (Loss) Per Share (Note 21)	**₱0.404**	(₱0.003)	₱0.047

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Retained Earnings (Note 12)	Total
		For the Year Ended December 31, 2021		
Balances at January 1, 2021	**₱6,250,000**	**₱–**	**₱331,793**	**₱6,581,793**
Net income / Total comprehensive income	**–**	**–**	**1,678,952,169**	**1,678,952,169**
Collection of subscription receivable (Note 12)	**18,750,000**	**–**	**–**	**18,750,000**
Issuance of shares of stock (Note 12)	**9,923,997,197**	**49,122,002,803**	**–**	**59,046,000,000**
Stock issuance costs (Note 12)	**–**	**(99,239,972)**	**–**	**(99,239,972)**
Cash dividends (Note 12)	**–**	**–**	**(616,837,826)**	**(616,837,826)**
Balances at December 31, 2021	**₱9,948,997,197**	**₱49,022,762,831**	**₱1,062,446,136**	**₱60,034,206,164**
		For the Year Ended December 31, 2020		
Balances at January 1, 2020	₱6,250,000	₱–	₱350,743	₱6,600,743
Net loss / Total comprehensive loss	–	–	(18,950)	(18,950)
Balances at December 31, 2020	₱6,250,000	₱–	₱331,793	₱6,581,793
		For the Year Ended December 31, 2019		
Balances at January 1, 2019	₱6,250,000	₱–	₱6,370,274	₱12,620,274
Net income / Total comprehensive income	–	–	231,176	231,176
Cash dividends	–	–	(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.

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱1,678,952,169**	(₱18,950)	₱231,176
Adjustments for:			
Fair value change in investment properties (Note 9)	**(5,557,115)**	–	–
Depreciation (Notes 9 and 17)	**12,142,834**	–	–
Interest expense (Notes 17 and 18)	**15,826,222**	–	–
Interest income (Note 6)	**–**	–	(267,159)
Operating income (loss) before working capital changes	**1,701,364,110**	(18,950)	(35,983)
Changes in operating assets and liabilities:			
Increase in:			
Receivables	**(436,882,931)**	–	–
Other current assets	**(84,306,950)**	–	–
Increase (decrease) in:			
Accounts and other payables	**337,364,338**	(35,983)	29,625
Deposits and other liabilities	**1,092,001,075**	–	–
Cash generated from (used in) operations	**2,609,539,642**	(54,933)	(6,358)
Interest received	**–**	–	300,642
Net cash flows provided by (used in) operating activities	**2,609,539,642**	(54,933)	294,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties (Note 9)	**(59,567,057,367)**	–	–
Decrease (increase) in other noncurrent assets	**(11,317,680)**	–	–
Net cash flows used in investing activities	**(59,578,375,047)**	–	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock (Note 12)	**59,046,000,000**	–	–
Collection of subscription receivable (Note 12)	**18,750,000**	–	–
Payment of dividends (Note 12)	**(616,837,826)**	–	(6,250,707)
Payment of stock issuance costs (Note 12)	**(99,239,972)**	–	–
Increase (decrease) in advances to Parent Company	**(6,581,793)**	54,933	(7,260,691)
Net cash flows provided by (used in) financing activities	**58,342,090,409**	54,933	(13,511,398)
NET INCREASE (DECREASE) IN CASH	**1,373,255,004**	–	(13,217,114)
CASH AT BEGINNING OF YEAR	–	–	13,217,114
CASH AT END OF YEAR (Note 6)	**₱1,373,255,004**	₱–	₱–

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (RCR or 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 (BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation (AOI) 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). Ownership of the land on which the Assigned Properties are situated shall remain with RLC.

The Assigned Properties consisted 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 lease agreements between the Company and RLC for these properties were executed on July 16, 2021.

On August 2, 2021, SEC approved the amendments to the Company's AOI and the Property-for-Share Swap. The Property-for-Share Swap was accounted for by the Company as an acquisition asset as it did not constitute a business combination.

Subsequent to the approval of the increase in authorized capital stock by the SEC, fourteen (14) shares were issued to the directors of the Company.

Starting from the SEC's approval of AOI and the Property-for-Share Swap, RL Fund Management, Inc. (RFMI or Fund Manager) and RL Property Management, Inc. (RPMI or Property Manager) handled the fund management and property management functions of the Company (see Note 13). The accounting and administrative functions of the Company were being performed by the employees of RLC prior to SEC approval.

On September 14, 2021, the Company completed its initial public offering, and its common shares were listed and currently traded in the Philippine Stock Exchange (PSE) as a Real Estate Investment Trust (REIT) entity.

As a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT); (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares; (c) deductibility of dividend distribution from its taxable income; and (d) fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any and all security interest thereto, provided they have complied with the requirements under Republic Act (RA) No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

The Company's principal executive office is located at 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City.

The financial statements of the Company as of December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019 were authorized for issue by the BOD on February 17, 2021.

2. Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is also the Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

The accompanying financial statements have been prepared under the going concern assumption. The Company believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic.

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC)

3. **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption the following new standards effective starting January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Company adopted the amendments beginning April 1, 2021. As there are no rent concessions granted to the Company as a lessee, these amendments had no impact on the financial statements.

- 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 Company shall also disclose information 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively. These amendments had no impact on the financial statements of the Company.

- PIC Q&A 2018-12, PFRS 15 – Accounting for Common Usage Service (CUSA) Charges

The Company 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 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.

The Company 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 5).

The adoption did not impact the statement of financial position, and statement of comprehensive income and statement of cash flows as of December 31, 2020 and for the year ended December 31, 2020, respectively.

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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not applicable to the Company since it has no property and equipment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *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*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact the amendments will have on current practice.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The new standard is not applicable to the Company since it has no activities that are predominantly connected with insurance or issue 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*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The amendments are not applicable to the Company since it has no subsidiaries, associates and joint ventures.

4. Summary of Significant Accounting Policies

Revenue Recognition

The Company is in the business of leasing its investment property portfolio. The Company's non-lease performance obligations include common area management and administration of utility services.

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

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 Company's revenue arises from income from CUSA, air-conditioning dues and utilities. The Company's 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 Company. The Company 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.

Income outside the scope of PFRS 15

Rental income
The Company's 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 Company 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 Company's statement of comprehensive income (see Note 14).

Costs and Expenses
Costs and expenses are recognized in the 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:
- 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 statement of financial position as an asset.

Leases

The Company 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 Company obtains substantially all the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset.

The Company as lessor - operating lease

Leases where the Company does not transfer substantially all the risks and benefits of the ownership of the assets are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are capitalized as a leased asset and subsequently expensed through change in fair value of the leased asset. Contingent rents are recognized as revenue in the period in which they are earned.

The Company as lessee - operating lease

Except for short-term leases and leases of low-value assets, the Company 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 Company 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 Company 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.

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 Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company 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.

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.

Short-term leases
The Company 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.

Current and Noncurrent Classification
The Company presents assets and liabilities in the 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 in bank. Cash in bank is stated at face amount and earns interest at the prevailing bank deposit rates.

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 Company's 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 Company has applied the practical expedient, the Company 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 Company 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 Company's 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 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 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 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 (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 Company's financial assets at amortized cost include cash in bank and receivables.

The Company 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 Company's financial liabilities include accounts and other payables (excluding taxes payables), lease liability and security deposits.

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.

The Company does not have any outstanding loans and borrowings as of December 31, 2021 and 2020.

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 statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. 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 Company 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 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.

For cash in bank, 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 is to measure ECLs on such instruments on a 12-month basis. However, where 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 a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

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 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 Company 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 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 enhancements held by the Company. 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 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.

<u>Fair Value Measurement</u>
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 Company.

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 Company 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.

<u>Fair Value Hierarchy</u>
All assets and liabilities for which fair value is measured or disclosed in the 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 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.

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 Company's external valuers, which valuation techniques and inputs to use for each case.

<u>Customers' Deposits</u>
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 statement of financial position), and amortized on a straight-line basis over the lease term. Amortization of deferred credits and accretion of discount are recorded in profit or loss under 'Rental income' and 'Interest expense' account, respectively.

Other Assets
Other assets include prepaid taxes, creditable withholding taxes and others.

Prepaid taxes
Prepaid taxes are carried at cost less the amortized portion.

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.

Other assets
Other assets are carried at costs less impairment losses, if any.

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 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT payable to taxation authority is included as part of 'Accounts and other payables' in the statements of financial position.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Company. Investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also 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. The fair value of investment properties is determined using income approach by an external valuer. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

The Company's investment properties consist mainly of office properties.

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 or 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.

For transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the property and equipment policy up to the date of change in use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the Company's investment properties, ROU asset, other current assets and other noncurrent asset may be impaired. If any such indication exists, the Company 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 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 Company 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 statement of comprehensive income.

Equity

Capital stock and additional paid-in capital (APIC)

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to APIC. Direct costs incurred related to equity issuance are chargeable to APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Stock issuance costs

Stock issuance costs are incremental costs directly attributable to the issuance or subscription of new shares which are shown in equity as deduction, net of tax, from the proceeds. Costs that relate to the new stock market listing, or otherwise are not incremental costs directly attributable to issuing new share, are recorded as expense in the statement of comprehensive income.

Retained earnings

Retained earnings represent accumulated earnings of the Company, net of dividend distributions, if any.

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 Company 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.

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.

Incentive Under REIT Law
The Company is granted an exemption under the REIT Law provided that it meets certain conditions (e.g., distribution of minimum required earning equivalent to at least 90% of distributable income).

Under the tax incentive scheme, the Company can choose to operate within one or two tax regimes (a "full tax" regime or a "no tax" regime) depending on whether profits are retained or distributed.

The Company availed of the tax-free incentive and no deferred taxes have been recognized on temporary differences.

Earnings (Loss) Per Share (EPS)
Basic EPS is calculated by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares.

Net Asset Value Per Share (NAV)
The NAV is calculated by dividing NAV by the total outstanding shares of the Company. The NAV is the total assets and investible funds held by the Company less total liabilities (see Note 12).

Segment Reporting
The Company's lease operation is its reportable segment. Financial information on business segment is presented in Note 22 to the financial statements.

Provisions
Provisions are recognized 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 the obligation.

Where the Company 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 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 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 Company's 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 financial statements when material.

5. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the accompanying financial statements in compliance with PFRSs requires management 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 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 financial statements.

Principal versus agent considerations

The contract for the commercial spaces leased out by the Company 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 Company determined that it is acting as an agent because the promise of the Company 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 Company, are primarily responsible for the provisioning of the utilities while the Company 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 Company 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 Company 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 Company acts as an agent because the promise of the Company 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 Company, 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 - Company as lessor

The Company has entered into office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Company 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 Company considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset.

A number of the Company's 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 Company considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 18).

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 Company 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 Company 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 ROU asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for an entity that does 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 entity's functional currency). The Company 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 entity's stand-alone credit rating).

The Company's lease liability amounted to ₱247.64 million and nil as of December 31, 2021 and 2020 respectively.

Provision for expected credit losses of trade receivables

The Company 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 Company's historical observed default rates. The Company 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 Company's 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 Company's trade receivables amounted to ₱348.52 million and nil as of December 31, 2021 and 2020 respectively (see Note 7).

Impairment of nonfinancial assets

The Company assesses impairment on its nonfinancial assets (i.e., investment properties and other 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 Company is required to make estimates and assumptions that may affect the carrying amount of the assets.

The carrying values of the Company's investment properties, ROU asset, other current assets and other noncurrent asset as of December 31, 2021 and 2020 are disclosed in Notes 8 and 9. No impairment was recognized for the Company's nonfinancial assets.

Fair value determination of investment properties
The Company measures its investment properties using the fair value method. The Company engages an external valuer to determine the fair value. The external valuer determines the fair value of the Company's investment properties through the Income Approach using the discounted cash flow model which is a method where the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

Investment properties amounted to ₱59,804.16 million and nil as of December 31, 2021 and 2021, respectively. Fair value change recognized in 2021 amounted to ₱5.56 million (nil in 2020) (see Note 9).

6. **Cash**

This account consists of (nil in 2020):

	2021
Cash on hand	**₱15,000**
Cash in bank	**1,373,240,004**
	₱1,373,255,004

Cash in bank earns interest at the prevailing bank deposit rates.

Interest earned from cash in bank for the year ended December 31, 2019 amounted to ₱0.27 million (nil for the years ended December 31, 2021 and 2020).

There is no restriction on the Company's cash as of December 31, 2021 and 2020.

7. Receivables

This account consists of:

	2021	2020
Trade receivables (Notes 13 and 14)	**₱348,517,131**	₱–
Receivable from a related party (Note 13)	**101,459,386**	6,581,793
Others	**70,000**	–
	₱450,046,517	₱6,581,793

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.

Receivable from a related party pertains to tenants' payments collected by RLC on behalf of the Company pursuant to the Comprehensive Deed of Assignment (see Note 1) and cash advances. These are due and demandable.

Others are composed of the receivables or claims of the Company from different utility providers, banks and insurance services.

Others pertain to noninterest bearing employee advances that are settled through payroll deduction or expense liquidation.

No provision for ECL was recognized in 2021, 2020 and 2019.

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, the Company, 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 Company's 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.

8. Other Assets

Other Current Assets
This account consists of (nil in 2020):

	2021
Prepaid taxes	**₱79,988,044**
Creditable withholding taxes	**4,318,906**
	₱84,306,950

Prepaid taxes pertain to advance payments for real property taxes.

Creditable withholding taxes represent the amount withheld by the Company. These are recognized upon collection of the related receivable and are utilized as tax credits against income tax due.

Other Noncurrent Asset
Other noncurrent asset amounting to ₱11.32 million as of December 31, 2021 pertain to amounts billed by Robinsons Equitable Tower Condominium Corporation (RETCC) to the Company which shall be used by RETCC for the defrayment of its capital expenditures.

9. Investment Properties

This account consists of (nil in 2020):

	2021		
	Building and Building Improvements	**Right-of-Use Assets** (Note 18)	**Total**
Cost			
Balance at beginning of year	**₱–**	**₱–**	**₱–**
Additions	**59,264,640,129**	**546,105,837**	**59,810,745,966**
Fair value change	**5,557,115**	**–**	**5,557,115**
Balance at end of year	**59,270,197,244**	**546,105,837**	**59,816,303,081**
Accumulated Depreciation			
Balance at beginning of year	**–**	**–**	**–**
Depreciation (Note 17)	**–**	**12,142,834**	**12,142,834**
Balance at end of year	**–**	**12,142,834**	**12,142,834**
Net Book Value	**₱59,270,197,244**	**₱533,963,003**	**₱59,804,160,247**

On April 15, 2021, the Company and RLC executed a Comprehensive Deed of Assignment wherein RLC assigns, transfers, and conveys several 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 a total value of ₱59,046.00 million in exchange of shares (see Note 1).

Additions include initial direct costs pertaining to commissions paid to various brokers amounting to ₱4.11 million. These are subsequently expensed and recognized as part of 'Fair value change in investment properties' in the statement of comprehensive income.

Investment properties consist mainly of office buildings that are held to earn rentals. The aggregate fair value of the Company's investment properties as of December 31, 2021 and 2020 amounted to

₱59,804.16 million and nil, respectively. 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 Company's investment properties as of December 31, 2021 (nil in 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	**December 31, 2021**	**₱59,804,160,247**	**₱–**	**₱–**	**₱59,804,160,247**

The fair values of the investment properties 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.

The fair values of the investment properties are sensitive to unobservable inputs such as rental income growth rate and discount rate.

Rental income derived from investment properties amounted to ₱1,731.01 million for the year ended December 31, 2021 (nil for the years ended December 31, 2020 and 2019) (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱277.49 million for the year ended December 31, 2021 (nil for the years ended December 31, 2020 and 2019) (see Note 17).

There are no investment properties as of December 31, 2021 and 2020 that are pledged as security to liabilities. The Company 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.

10. Accounts and Other Payables

This account consists of (nil in 2020):

	2021
Accounts payable (Note 13)	**₱179,507,108**
Accrued expenses	**82,608,096**
Taxes payable	**75,249,134**
	₱337,364,338

Accounts payable mainly pertains to unpaid billings from RPMI and RFMI related to management fees (see Notes 13 and 17). These are noninterest bearing and are due and demandable.

Accrued expenses include accruals for utilities, repairs and maintenance and other expenses which are yet to be billed by the contractors and providers. These are noninterest bearing and are normally settled within one year.

Taxes payable consists of amounts payable to taxing authority pertaining to output taxes, expanded withholding taxes and documentary stamp taxes.

11. **Deposits and Other Liabilities**

This account consists of (nil in 2020):

	2021
Deposits from lessees	**₱840,876,871**
Unearned rental income	**152,764,530**
Deferred credits	**110,233,688**
	1,103,875,089
Less current portion	**178,834,639**
	₱925,040,450

The current portion of these accounts in 2021 follows (nil in 2020):

Deposits from lessees	**₱106,646,344**
Unearned rental income	**41,931,124**
Deferred credits	**30,257,171**
	₱178,834,639

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 in 2021 follows (nil in 2020):

Gross Amount	
Balance at beginning of year	**₱–**
Additions	**951,996,306**
Balance at end of year	**951,996,306**
Unamortized Discount	
Balance at beginning of year	**–**
Additions	**122,993,449**
Accretion (Note 17)	**(11,874,014)**
Balance at end of year	**111,119,435**
Net Amount	**840,876,871**
Less current portion	**106,646,344**
	₱734,230,527

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.

Simultaneous with the SEC approval of the Property-for-Share Swap on August 2, 2021, RLC transferred to the Company the deposits from lessees and unearned rental income related to the leased properties amounting to ₱947.14 million and ₱167.35 million, respectively.

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 in 2021 follows (nil in 2020):

Balance at beginning of year	**₱–**
Additions	**122,993,449**
Amortization (Note 17)	**(12,759,761)**
Balance at end of year	**110,233,688**
Less current portion	**30,257,171**
	₱79,976,517

12. Equity

The details of the Company's common shares as of December 31, 2021 and 2020 follow:

	2021		2020	
	Shares	**Amount**	Shares	Amount
Authorized - at ₱1 par value				
Balances at beginning of year	**100,000,000**	**₱100,000,000**	100,000,000	₱100,000,000
Increase in authorized capital stock (a)	**39,695,988,732**	**39,695,988,732**	–	–
Balances at end of year	**39,795,988,732**	**₱39,795,988,732**	100,000,000	₱100,000,000
Issued and outstanding				
Balances at beginning of year	**6,250,000**	**₱6,250,000**	6,250,000	₱6,250,000
Collection of subscription receivable (b)	**18,750,000**	**18,750,000**	–	–
Issuance of new shares (a)	**9,923,997,197**	**9,923,997,197**	–	–
Balances at end of year	**9,948,997,197**	**₱9,948,997,197**	6,250,000	₱6,250,000
NAV per share		**₱6.03**		₱1.05

(a) On April 15, 2021, the BOD and stockholders of the Company approved the increase in its 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. On August 2, 2021, the SEC approved the increase in authorized capital stock.

(b) 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.

<u>Initial Public Offering (IPO)</u>
On August 3, 2021, the SEC rendered effective the Company's REIT Plan and the registration of its 9,948,997,197 common shares.

On August 9, 2021, the PSE approved the application of the Company for the initial listing of its 9,948,997,197 common shares under the Main Board of the PSE, to cover the Company's IPO.

The Company was listed on the Main Board of the PSE on September 14, 2021 at an initial listing price of ₱6.45 per share.

Additional Paid-In Capital (APIC)
The Company recorded APIC amounting to ₱49,022.76 million, net of stock issuance costs. The Company incurred transaction costs incidental to the IPO that are directly attributable to the issuance or subscription of new shares amounting to ₱99.24 million in 2021.

Dividend Declaration
On November 5, 2021, the Company's BOD approved the declaration of cash dividends of ₱0.062 per outstanding common share to stockholders on record date as of November 19, 2021. The cash dividend was paid on November 25, 2021.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Company's sources of capital include all the components of equity totaling ₱60,034.21 million and ₱6.58 million as of December 31, 2021 and 2020, respectively.

The Company is subject to external capital requirement as a REIT to have a minimum paid-up capital of ₱300.00 million in compliance with Republic Act No. 9856 and implementing rules and regulations of REIT Act of 2009.

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 Company. These affiliates are effectively sister companies of the Company 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:

	2021			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	**₱171,465,677**	**₱99,463,184**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**

(Forward)

	2021			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Parent Company				
Rental income/receivable (a)	**₱42,010,017**	**₱13,935,823**	**Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term**	**Unsecured; no impairment**
Parent Company				
Related party receivable (Note 7)	**₱94,877,593**	**₱101,459,386**	**Noninterest bearing; due and demandable**	**Unsecured; no impairment**
Parent Company				
Rent expense (Note 18)	**₱76,424,470**	**₱–**		
Under common control of Parent Company				
Management fees/accounts payable (b)	**₱181,971,378**	**(₱127,386,814)**	**Noninterest bearing; due and demandable**	**Unsecured**
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	**₱1,373,240,004**	**–**	**Noninterest bearing**	**Unsecured; no impairment**

	2020			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Parent Company				
Related party receivable (Note 7)	₱6,581,793	₱6,581,793	Noninterest bearing; due and demandable	Unsecured; no impairment

Significant transactions with related parties are as follows:

(a) *Rental income*
In 2021, the revenue generated from related party lessees amounted to ₱213.48 million (nil in 2020 and 2019).

The lease term generally ranges three (3) to five (5) years and the lease rates are based on prevailing market lease rates.

(b) *Management fees*
Management fees pertain to the amounts billed by RPMI and RFMI, entities both under common control of the Parent Company, pursuant to the Management Agreements entered into by the Company with RLC.

RPMI handles the property management functions of the Company starting September 14, 2021, in exchange for a fee equivalent to 3.00% of gross rental income for the year plus 2.00% of earnings before interest, taxes, depreciation, and amortization (EBITDA) before deduction of fees payable to Fund Manager and the Property Manager, provided that such fee shall not exceed 1.00% of the net asset value of the properties being managed. Fee is exclusive of VAT and is subjected for review every 5 years.

RFMI handles the fund management functions of the Company starting September 14, 2021, in exchange for a fee computed based on 0.10% of deposited property value and fair value of leasehold assets for the year plus 3.50% of EBITDA before deduction of fees payable to the Fund Manager and the Property Manager for the year plus 1.00% of acquisition price for every acquisition made plus 0.50% of the selling price for every property divested. Fee is exclusive of VAT and is subjected to review every 5 years.

The Company recognized management fees amounting to ₱181.97 million in 2021 (nil in 2020 and 2019).

Terms and Conditions of Transactions with Related Parties
Outstanding balances at yearend are unsecured, noninterest-bearing and settlement occurs in cash, unless otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties for the year ended December 31, 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.

There are no arrangements between the Company and any of its directors and key officers providing for benefits upon termination of employment.

14. Rental Income and Income from Dues

Rental income
This account consists of rental income in 2021 (nil in 2020 and 2019) from:

Office, retail and parking spaces	**₱1,718,248,457**
Amortization of deferred credits (Note 11)	**12,759,761**
	₱1,731,008,218

Rental income from office, retail and parking includes income from the straight-line method of recognizing rental income amounting to ₱109.21 million for the year ended December 31, 2021 (nil for the years ended December 31, 2020 and 2019).

In 2021, the Company granted rent concessions to its tenants who were affected by the community quarantine imposed by the government amounting to ₱50.02 million. These rent concessions did not qualify as lease modifications, thus, were accounted for as variable lease payments and reported as reduction of lease income in 2021.

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 Company's revenue from income from dues or non-lease component in 2021 (nil in 2020 and 2019):

Income from dues:	
CUSA	**₱319,999,414**
Air-conditioning	**8,938,162**
	₱328,937,576

15. 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 (see Note 5). This account consists of the following in 2021 (nil in 2020 and 2019):

Dues	**₱52,654,823**
Less direct costs	**(30,515,209)**
	₱22,139,614

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. Other income amounted to ₱0.28 million for the year ended December 31, 2021 (nil for the years ended December 31, 2020 and 2019).

17. Costs and Expenses

<u>Direct Operating Costs</u>
This account consists of the following in 2021 (nil in 2020 and 2019):

Management fees (Notes 10 and 13)	**₱181,971,378**
Contracted services	**26,645,501**
Repairs and maintenance	**25,057,069**
Utilities - net (Note 5)	**19,795,412**
Depreciation (Note 9)	**12,142,834**
Accretion of interest expense (Note 11)	**11,874,014**
	₱277,486,208

Utilities - net pertains to net recoveries from tenants for the usage of light, water, diesel and other charges. Set out below is the disaggregation of the Company's utility dues billed to tenants in 2021 (nil in 2020 and 2019):

Utility dues:	
Light	**₱120,825,014**
Water	**4,828,217**
Costs:	
Light	**(136,674,212)**
Water	**(7,234,534)**
Diesel and other charges	**(1,539,897)**
	(₱19,795,412)

General and Administrative Expenses
This account consists of:

	2021	2020	2019
Rent expense (Note 18)	**₱76,424,470**	₱–	₱–
Taxes and licenses	**34,292,734**	500	–
Insurance expense	**8,421,746**	–	–
Advertising and promotions	**2,956,239**	–	–
Professional fees	**971,219**	18,400	35,983
Supplies expense	**928,794**	–	–
Communication	**181,595**	–	–
Others	**3,356,313**	50	–
	₱127,533,110	₱18,950	₱35,983

Others pertain to travel and transportation, bank charges, representation and entertainment, garbage fees and other expenses which are individually not material.

18. **Lease Commitments and Contingencies**

The Company as lessor - operating lease
The Company has entered into commercial property leases on its investment property portfolio. These noncancelable leases have remaining noncancelable lease terms of between one (1) and 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 in 2021 follows (nil in 2020):

Within one year	**₱3,178,238,546**
After one year but not more than five years	**6,897,416,015**
More than five years	**2,816,981,746**
	₱12,892,636,307

Total rent income amounted to ₱1,731.01 million for the year ended December 31, 2021 (nil for the years ended December 31, 2020 and 2019) (see Note 14).

The Company as lessee - operating lease
Building and Land Lease Agreements with RLC
On July 16, 2021, the Company entered into long-term building lease agreements with RLC for the lease of the Robinsons Cybergate 1 and Robinsons Cybergate 2 and long-term land lease agreements for the lease of land where Cyberscape Alpha, Cyberscape Beta, Tera Tower, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1 are situated.

These lease agreements are effective starting August 2, 2021 with lease terms up to ninety-nine (99) years and monthly rental fee equivalent to seven percent (7%) of the monthly rental income of the aforementioned properties.

Land Lease Agreement with BCDA
Simultaneous with the execution of Comprehensive Deed of Assignment, RLC assigned to the Company its rights, interests and obligations as a lessee including prepaid rent under the 25-year opening lease agreement it entered into with Bases Conversion and 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. The lease is payable at a fixed yearly rent of ₱50.00 million, subject to 3% annual escalation rate.

On August 2, 2021, RLC also transferred to the Company the remaining prepaid rent related to this lease agreement amounting to ₱302.42 million. Lease payment will commence in March 2031.

The rollforward analysis of lease liability in 2021 follows (nil in 2020):

Balance at beginning of year	**₱–**
Additions	**243,688,599**
Interest expense on lease liability	**3,952,208**
Balance at end of year	**₱247,640,807**

The following are the amounts recognized in the statements of comprehensive income in 2021 from the above lease agreements as lessee (nil in 2020 and 2019):

Depreciation of right-of-use asset (Notes 9 and 17)	**₱12,142,834**
Accretion of interest expense on lease liability	**3,952,208**
Total amounts recognized in the statement of comprehensive income	**₱16,095,042**

The undiscounted lease payments to be received in more than 5 years as of December 31, 2021 and 2020 amounted to ₱412.04 million and nil, respectively.

19. Income Tax

No provision for income tax was recognized in 2021, 2020 and 2019 as follows:

	2021	2020	2019
Provision for (benefit from) income tax at statutory income tax rate	**₱419,738,042**	(₱5,685)	₱69,353
Additions to (reductions in) income tax resulting from:			
Deductible dividends	**(383,036,392)**	–	–
Deductible expenses	**(56,868,727)**	–	–
Movements in unrecognized deferred tax assets	**45,198,507**	(1,286)	5,665
Stock issuance costs	**(24,809,993)**	–	–
Nontaxable income	**(3,189,941)**	–	–
Nondeductible interest expense	**2,968,504**	–	–
Expired NOLCO	**–**	6,971	5,129
Interest income subject to final tax	**–**	–	(80,147)
	₱–	₱–	₱–

As of December 31, 2021 and 2020, the Company did not recognize deferred tax assets amounting to ₱207.40 million and ₱0.02 million, respectively, since management believes that sufficient taxable income will not be available to allow the carryforward benefits of deferred tax assets to be utilized.

The components of unrecognized deferred tax assets follow:

		2020
Lease liability	**₱61,910,202**	₱–
Unearned rental income	**38,191,133**	–
NOLCO	**107,293,839**	18,232
	₱207,395,174	₱18,232

Bayanihan to Recover As One Act
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2021	2022-2026	₱429,120,423	₱–	₱–	₱–	₱429,120,423
2020	2021-2025	18,950	–	–	–	18,950
		₱429,139,373	₱–	₱–	₱–	₱429,139,373

As of December 31, 2021, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2019	2019-2022	₱35,983	₱–	₱–	₱–	₱35,983
2018	2018-2021	17,994	–	17,994	–	–
		₱53,977	₱–	₱17,994	₱–	₱35,983

Corporate Recovery and Tax Incentives for Enterprises or CREATE Act
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (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 took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

Applying the provisions of the CREATE Act, there will be no significant changes in the Company's income tax provision.

Incentive Under REIT Law
The Company is granted an exemption under the REIT Law provided that it meets certain conditions (e.g., distribution of minimum required earning equivalent to at least 90% of distributable income).

Under the tax incentive scheme, the Company can choose to operate within one or two tax regimes (a "full tax" regime or a "no tax" regime) depending on whether profits are retained or distributed.

20. **Financial Assets and Liabilities**

Fair Value Information
Except for the Company's security deposits, which are disclosed below, the carrying values of the other financial instruments of the Company approximate their fair values due to the short-term nature of the transactions.

	December 31, 2021	
	Carrying value	**Fair value**
Security deposits	**₱840,876,871**	**₱813,315,211**

Fair Value Hierarchy
As of December 31, 2021, and 2020, the Company has no financial instrument measured at fair value. In 2021, 2020 and 2019, 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 Company's 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	2021: 1.23% to 5.31% 2020 and 2019: nil	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies
The 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.

The Company reviews policies for managing each of these risks. The Company 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 Company's business activities. The main objectives of the 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.

The 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 for the Company.

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 Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Company 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 Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of default by the tenants. For existing tenants, the Company 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, 2021, 100% of the Company's trade receivables are covered by security deposits (nil in 2020). Trade receivables include receivables as a result of straight-line method amounting to ₱109.21 million and nil as of December 31, 2021 and 2020, respectively. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits. No provision for ECL was provided in 2021, 2020 and 2019.

As of December 31, 2021 and 2020, the ECL relating to cash in bank is minimal as this is considered as low credit risk.

The Company 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 Company's maximum exposure to credit risk as of December 31, 2021 and 2020 is equal to the carrying values of its financial assets, except for 'Trade receivables' under 'Receivables' in the statements of financial position. Details follow:

	December 31, 2021			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash in bank	**₱1,373,240,004**	**₱–**	**₱1,373,240,004**	**₱–**
Receivables				
Trade receivables	**348,517,131**	**813,315,211**	**–**	**813,315,211**
Receivable from a related party	**101,459,386**	**–**	**101,459,386**	**–**
Other receivables	**70,000**	**–**	**70,000**	**–**
	₱1,823,286,521	**₱813,315,211**	**₱1,474,769,390**	**₱813,315,211**

	December 31, 2020			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Receivables				
Receivable from a related party	₱6,581,793	₱–	₱6,581,793	₱–

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 Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The 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 a combination of internally generated funds and external borrowings, while working capital requirements are sufficiently funded through cash collections.

Through scenario analysis and contingency planning, the Company 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 Company's financial assets and financial liabilities based on contractual undiscounted payments:

	December 31, 2021			
	< 1 year	**1 to 5 years**	**> 5 years**	**Total**
Financial assets				
Cash in bank	**₱1,373,240,004**	**₱–**	**₱–**	**₱1,373,240,004**
Receivables				
Trade receivables	**348,517,131**	**–**	**–**	**348,517,131**
Receivable from a related party	**101,459,386**	**–**	**–**	**101,459,386**
Other receivables	**70,000**	**–**	**–**	**70,000**
	₱1,823,286,521	**₱–**	**₱–**	**₱1,823,286,521**
Financial liabilities				
Accounts and other payables				
Accounts payable	**₱179,507,108**	**₱–**	**₱–**	**₱179,507,108**
Accrued expenses	**82,608,096**	**–**	**–**	**82,608,096**
Deposits from lessees	**104,678,699**	**603,302,836**	**105,333,676**	**813,315,211**
Lease liability	**47,399,326**	**106,107,402**	**94,134,079**	**247,640,807**
	₱414,193,229	**₱709,410,238**	**₱199,467,755**	**₱1,323,071,222**

	December 31, 2020			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Receivables				
Receivable from a related party	₱6,581,793	₱–	₱–	₱6,581,793

21. Earnings (Loss) Per Share (EPS)

The Company's earnings (loss) per share for the years ended December 31, 2021, 2020 and 2019 were computed as follows:

	2021	2020	2019
Net income	**₱1,678,952,169**	(₱18,950)	₱231,176
Weighted average number of common shares	**4,153,726,230**	6,250,000	6,250,000
Basic/Diluted earnings (loss) per share	**₱0.404**	(₱0.003)	₱0.003

There were no potential dilutive common shares in 2021, 2020 and 2019.

22. Segment Reporting

The Company has determined that it is currently operating as one operating segment.

The Company's 14-building lease operation is its only income-generating activity, and such is the measure used by management in allocating resources.

23. Registration with the Philippine Economic Zone Authority (PEZA)

All of the Company's properties are registered with PEZA 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'. Under the terms of its registration, the Company shall not be entitled to PEZA incentives. See details below:

Name	Start Date	PEZA Board Resolution No.	Property	Location	Designation
Cyberscape Alpha	January 4, 2013	Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011	A building	Sapphire and Garnet Roads, Ortigas Center, Pasig City	Information Technology (IT) Center
Cyberscape Beta	November 22, 2012	No. 11-624 dated November 8, 2011	An area of 1,955 square meters, more or less (a portion of Lot 2-C)	Topaz and Ruby Roads, Ortigas Center, Pasig City	IT Center
Tera and Exxa-Zeta Towers (Bridgetowne)	June 26, 2015	Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013	Several parcels of land located with an aggregate area of 79,222 square meters as IT Park, to be known as	C-5 Road, Ugong Norte, Quezon City	IT Park
Robinsons Cybergate Cebu	October 28, 2009	Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008	Land of 4,772 square meter, more or less	Don Gil Street, Barangay Capitol Site, Cebu City	IT Center
Robinsons Galleria Cebu	July 12, 2013	Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012	A building with an area of 46,345 square meters, more or less	General Maxilom Avenue, Cebu City	IT Center
Robinsons Luisita	December 10, 2008	No. 08-183 dated March 31, 2008	A building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot and an additional 3-storey office building	McArthur Highway, San Miguel, Tarlac	IT Center
Robinsons Cybergate Naga	May 12, 2017	No. 15-715 dated December 17, 2015	A building which stands on a 24,807-square meter, more or less, lot	Naga Diversion Road corner Almeda Highway, Barangay Triangulo, Naga City	IT Center
Robinsons Cyberpark Davao	October 3, 2017	No. 16-377 dated June 28, 2016	12,022 square meters, more or less, of land	J.P. Laurel Avenue, Davao City	IT Park
Robinsons Summit Center	September 1, 2006	Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004	A building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less	6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City	IT Center

Name	Start Date	PEZA Board Resolution No.	Property	Location	Designation
Robinsons Equitable Tower	July 21, 2003	Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003	A 2,832 square meters parcel of land with an existing 43-storey condominium office building	ADB Avenue corner Poveda Street, Pasig City	IT Zone
Cyber Sigma	December 16, 2016	No. 15-027 dated January 30, 2015	A building with a gross floor area of 79,124.33 square meters which stands on a parcel of land containing an aggregate area of 5,000 square meters more or less	Lawton Avenue, Bonifacio South, Taguig City	IT Center

24. Notes to Statements of Cash Flows

Noncash investing and financing activities in 2021 pertain to the following:

- Transfer of building and building improvements as a result of the Property-for-Share Swap executed between the Company and RLC amounting to ₱59,119.24 million;
- Issuance of shares of stock ₱59,046.00 million as a result of the Property-for-Share Swap executed between the Company and RLC;
- Recognition of ROU asset and lease liability amounting to ₱546.11 million and ₱243.69 million, respectively (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱3.95 million (Note 18).

25. Events After Reporting Period

On February 4, 2022, the Company declared its second regular cash dividends for calendar year 2021 covering the period October 1 to December 31, 2021 at ₱0.092 per outstanding common share, following the approval of the BOD in their regular meeting held on the same date. The cash dividends will be payable on February 28, 2022 to stockholders of record as of February 18, 2022.

26. 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 Company remained open to support establishments offering essential services such as IT-Business Process Management (IT-BPM) firms.

The Company 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.

The Company 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 Company 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 Company' financial position remains stable and strong on the back of its well-balanced business portfolio.

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
RL Commercial REIT, Inc.
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated February 17, 2022. 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 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 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
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0664-AR-4 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 17, 2022

RL COMMERCIAL REIT, INC

SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATIONS 15-2010

On November 25, 2010, the Bureau of Internal Revenue issued Revenue Regulations (RR) No. 15-2010 to amend certain provisions of RR 21-2002. The RR provides that starting 2010, the notes to financial statements shall include information of taxes and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

Value Added Tax (VAT)
The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

a. The Company is a VAT-registered entity. Net sales/receipts and output VAT declared in the Company's VAT returns are as follows:

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	₱182,479,606	₱21,897,553

Zero-rated sales consist of rental income rendered to PEZA- registered lessees. The Company was registered with PEZA pursuant to the provisions of RA No. 7916 as an Ecozone Developer/Operator, to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone.

b. Input VAT

Balance at January 1	₱–
Current year's domestic purchases/payments	13,407,640
Balance at December 31	₱13,407,640

Documentary Stamp Tax (DST)
The Company paid during the year a total of ₱99,239,972.

Other Taxes and Licenses
This includes all other taxes, local and national, including license and permit fees and other taxes lodged under the caption "Taxes and licenses" under the "General and administrative expenses" section in the statement of comprehensive income.

Details consist of the following:

Real property taxes	₱32,619,495
Business permits	1,301,679
Others	371,560
	₱34,292,734

Withholding taxes
As of December 31, 2021, the outstanding expanded withholding taxes recorded under “Accounts and other payables” account amounted to ₱1,664,936.

Tax Assessments and Cases
As at December 31, 2021, the Company has no pending or outstanding tax cases under investigation, litigation or prosecution in courts or bodies outside the BIR.

RL COMMERCIAL REIT, INC.
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

RL COMMERCIAL REIT, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

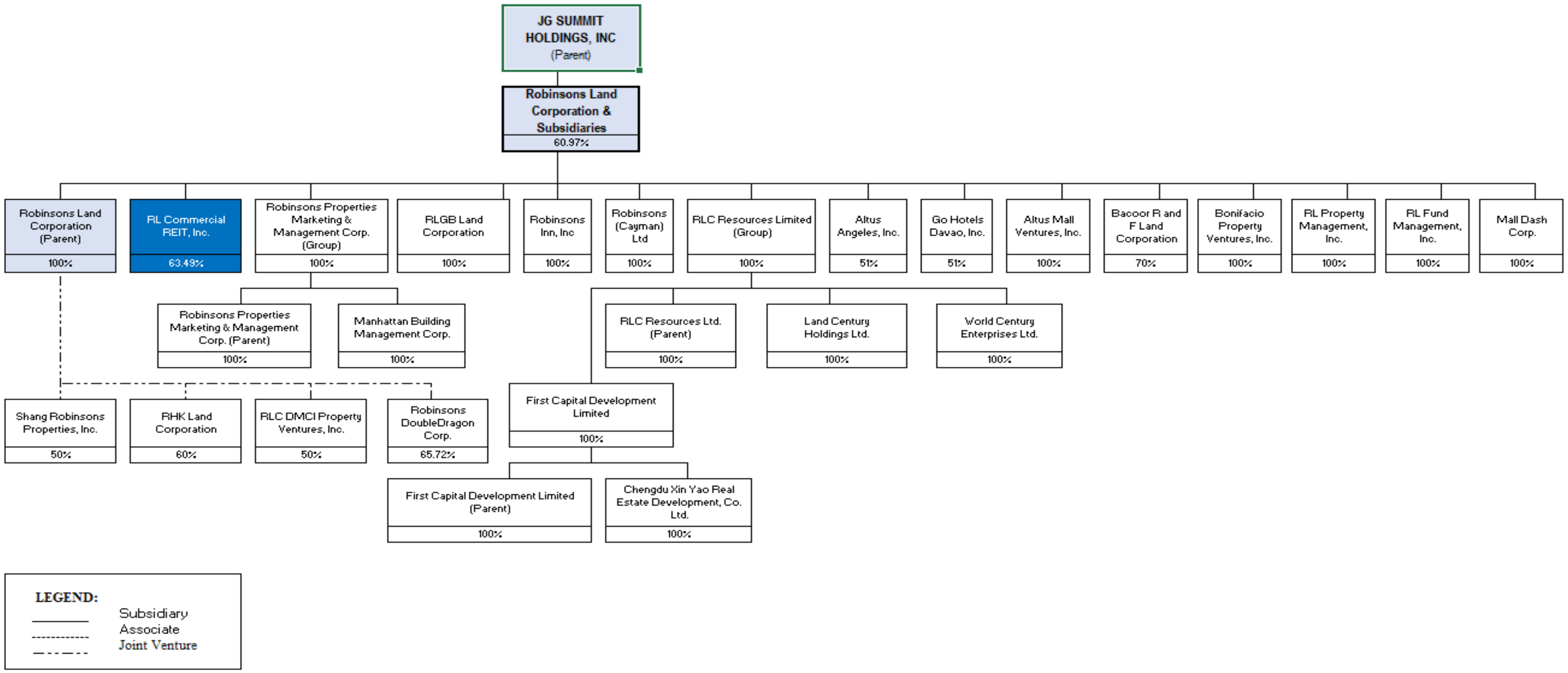
Total Unappropriated Retained Earnings - January 1, 2021		₱331,793
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	1,678,952,169	
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the period	–	
Fair value adjustment of Investment Property resulting to gain	(5,557,115)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(110,016,470)	1,563,378,584
Add: Non-actual losses		
Adjustments due to deviation from PFRS/GAAP - loss		–
Net income actually earned during the period		1,563,710,377
Add (Less):		
Dividend declarations during the period		(616,837,826)
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION, ENDING		₱946,872,551

ANNEX B

RL COMMERCIAL REIT, INC.

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, ASSOCIATES, WHEREVER LOCATED OR REGISTERED

DECEMBER 31, 2021



RL COMMERCIAL REIT, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2021

The Company does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as of December 31, 2021.

RL COMMERCIAL REIT, INC.

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2021

The Company 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, 2021.

RL COMMERCIAL REIT, INC.

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

	Receivable Balance	Payable Balance	Current portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

RL COMMERCIAL REIT, INC.
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 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

RL COMMERCIAL REIT, INC.
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2021

Indebtedness to Related Parties		
Name of related party	Balance at beginning of year	Balance at end of year
N/A	N/A	N/A

RL COMMERCIAL REIT, INC.

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company 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

RL COMMERCIAL REIT, INC.
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2021

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	39,795,988,732	9,948,997,197	N/A	6,316,584,573	18	3,632,412,606

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
RL Commercial REIT, Inc.
25F Robinsons Cyberscape Alpha
Sapphire and Garnet Roads
Brgy. San Antonio, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 17, 2022. 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 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 financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0664-AR-4 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 17, 2022

RL COMMERCIAL REIT, INC.

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2021

Ratio	Formula	**December 31, 2021**	December 31, 2020
Current ratio	Current assets / Current liabilities	**3.70**	–
Acid test ratio	Quick assets / Current liabilities (Quick assets includes cash)	**3.53**	–
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	**1.03**	1.00
Interest rate coverage ratio	EBITDA / Interest expense (from interest-bearing bank debts)	**–**	–
Return on equity	Net income / Average total stockholders' equity	**0.056**	(0.002)
Return on assets	Net income / Average total assets	**0.054**	(0.002)
Net profit margin	Net income / Total revenue	**0.80**	–