



RL FUND MANAGEMENT, INC.

# Performance Report for the Second Quarter of 2023

10 August 2023

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



**RL FUND MANAGEMENT, INC.**

### **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements and forward-looking information that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to known and unknown risks; uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results; performance or achievements expressed or implied by forward-looking statements; RCR's overall future business, financial condition, and results of operations, including, but not limited to financial position or cash flow; RCR's goals for or estimates of future operational performance or results; and changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities. Although RCR has extensive experience and that the forward-looking statements may be reasonable, nothing herein should be relied upon as a commitment as RCR cannot guarantee future events due to various risks and uncertainties.



**RL FUND MANAGEMENT, INC.**

**TABLE OF CONTENTS**

I.	Portfolio Review	1-2
II.	Financial Performance for the Period Ending 30 June 2023	3-7
III.	Operating Statistics as of 30 June 2023	7-8
IV.	Investment Return	9
V.	Key Performance Indicators	10
VI.	Asset Acquisition and Financing Strategy	10
VII.	Office Industry Benchmarks	10

**RL FUND MANAGEMENT, INC.**

**I. PORTFOLIO OVERVIEW**

RL Commercial REIT, Inc. ("RCR"), a company designated by Robinsons Land Corporation ("RLC") to operate as a Real Estate Investment Trust ("REIT"), leases to a diversified tenant base a high-quality portfolio (the "Portfolio") of 16 commercial real estate assets (the "Properties" and each, a "Property") across the Philippines with an aggregate Portfolio gross leasable area ("GLA") of 480,479 sqm as of 30 June 2023. The Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of office tenants, with an aggregate Appraised Value of ₱68,260.3 million as of 30 June 2023.

Details of RCR's portfolio as of 30 June 2023 are as follows:

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio	Appraised Value (₱ million)(2)	Title to Asset	Title to Land
<b>Metro Manila</b>									
<b>Assigned Properties</b>									
Robinsons Equitable Tower	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.00%	3,136.0	Freehold over 96 units(3)	Subdivided interest in land
Robinsons Summit Center	Makati CBD, Makati City	2001	PEZA	A	31,394	6.53%	9,776.0	Freehold over 31 units(4)	Subdivided interest in land
Cyberscape Alpha	Ortigas CBD, Pasig City	2014	PEZA, EDGE	A	49,902	10.39%	7,226.4	Building owned	Land leased from Sponsor for 99 years
Cyberscape Beta	Ortigas CBD, Pasig City	2014	PEZA, EDGE	A	42,245	8.79%	5,764.2	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	7.30%	4,595.0	Building owned	Land leased from Sponsor for 98 years
Cyber Sigma	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	10.40%	5,417.9	Building owned	Land leased from BCDA for 25 years(5)
Exxa-Zeta Tower	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	15.52%	9,906.0	Building owned	Land leased from Sponsor for 99 years
Cyberscape Gamma	Pasig City	2018	PEZA, EDGE	A	44,797	9.32%	5,944.1	Building owned	Land leased from Sponsor for 50 years(6)
<b>Cybergate Center Building Leases</b>									
Robinsons Cybergate Center 2	Cybergate Complex IT Park, Mandaluyong City	2007	PEZA	A	43,672	9.09%	5,614.3	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	9.29%	6,455.0	Building leased from Sponsor	N/A

**RL FUND MANAGEMENT, INC.**

<b>Outside Metro Manila</b>										
<b>Assigned Properties</b>										
Robinsons Cybergate Cebu	Cebu City	2011	PEZA	B	6,866	1.43%	472.0	5/F to 7/F owned	Land leased from Sponsor for 98 years	
Galleria Cebu	Cebu City	2017	PEZA	A	8,851	1.84%	859.0	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	1.20%	524.0	Building owned	Land leased from Sponsor for 99 years	
Cybergate Naga	Robinsons Place Naga Complex, Naga City	2018	PEZA	B	6,069	1.26%	673.6	3/F to 5/F owned	Land leased from Sponsor for 99 years	
Cybergate Delta 1	Robinsons Cyberpark Davao, Davao City	2018	PEZA	B	11,910	2.48%	1,152.0	Building owned	Land leased from Sponsor for 99 years	
Robinsons Cybergate Bacolod	Robinsons Cybergate Bacolod, Bacolod City	2018	PEZA	B	10,367	2.16%	744.8	Building owned	Land leased from Sponsor for 50 years <sup>(6)</sup>	
<b>Total</b>					<b>480,479</b>	<b>100.00%</b>	<b>68,260.30</b>			

Notes:

- (1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are modern specification buildings with high quality finishes, typically located in prime locations while those classified as "Grade B" are medium quality buildings in prime locations or "Grade A" standard buildings, but in secondary locations.
- (2) The valuation of the properties is done using the Discounted Cashflows ("DCF") Approach or Income Approach.
- (3) The Company owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located.
- (4) The Company owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Summit Center is located.
- (5) The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24<sup>th</sup> year of the initial lease period.
- (6) The lease is renewable for another 25 years upon terms and conditions mutually acceptable to both parties.



**II. FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2023**

**A. Interim Statement of Comprehensive Income for the Six Months Ended 30 June 2023**

	(P thousands)
<b>REVENUE</b>	
Rental income	2,372,505
Income from dues	444,392
Income from dues - net	32,687
	<b>2,849,584</b>
<b>FAIR VALUE CHANGE IN INVESTMENT PROPERTIES</b>	
Increase in fair value of investment properties	—
Straight-line adjustments	(129,941)
Lease commissions	(1,959)
	(131,900)
Other income	22,204
	<b>2,739,888</b>
<b>COSTS AND EXPENSES</b>	
Direct operating costs	369,348
General and administrative expenses	199,957
Interest expense on lease liability	4,937
	<b>574,242</b>
<b>OPERATING INCOME</b>	<b>2,165,646</b>
<b>OTHER INCOME</b>	
Interest Income	18,575
<b>INCOME BEFORE INCOME TAX</b>	<b>2,184,221</b>
Provision for income tax	(3,715)
<b>NET INCOME</b>	<b>2,180,506</b>
Other comprehensive income	—
<b>Total comprehensive income</b>	<b>2,180,506</b>
<b>Distributable income</b>	<b>2,312,406</b>
<b>Adjusted funds from operations</b>	<b>2,138,747</b>
<b>Basic/Diluted earnings per share</b>	<b>0.20</b>
<b>Dividend per share declared to-date</b>	<b>0.1955</b>

**RL FUND MANAGEMENT, INC.**

**B. Revenue, Rental Income, and Net Income Contribution of Each Property**

The contribution of each of the Properties to the Company's Revenue are as follows:

Contribution to Revenue	For the period ending June 2023 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	92,038	3.36%
Robinsons Summit Center	285,031	10.40%
Cyberscape Alpha	292,030	10.66%
Cyberscape Beta	246,220	8.99%
Tera Tower	208,551	7.61%
Cyber Sigma	304,329	11.11%
Exxa-Zeta Tower	395,676	14.44%
Robinsons Cybergate Center 2	225,258	8.22%
Robinsons Cybergate Center 3	259,567	9.47%
Robinsons Cybergate Cebu	21,459	0.78%
Galleria Cebu	28,986	1.06%
Robinsons Place Luisita 1	24,153	0.88%
Cybergate Naga	22,851	0.83%
Cybergate Delta 1	49,987	1.82%
Robinsons Cybergate Bacolod	39,454	1.44%
Cyberscape Gamma	244,298	8.92%
<b>Total</b>	<b>2,739,888</b>	<b>100%</b>

The contribution of each of the Properties to the Company's Rental Income are as follows:

Contribution to Rental Income	For the period ending June 2023 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	86,313	3.64%
Robinsons Summit Center	261,986	11.04%
Cyberscape Alpha	282,194	11.89%
Cyberscape Beta	220,047	9.27%
Tera Tower	182,891	7.71%
Cyber Sigma	280,307	11.81%
Exxa-Zeta Tower	332,192	14.00%
Robinsons Cybergate Center 2	174,775	7.37%
Robinsons Cybergate Center 3	207,604	8.75%
Robinsons Cybergate Cebu	13,787	0.58%
Galleria Cebu	21,483	0.91%
Robinsons Place Luisita 1	20,333	0.86%
Cybergate Naga	16,794	0.71%
Cybergate Delta 1	39,755	1.68%
Robinsons Cybergate Bacolod	27,252	1.15%
Cyberscape Gamma	204,792	8.63%
<b>Total</b>	<b>2,372,505</b>	<b>100%</b>

**RL FUND MANAGEMENT, INC.**

The contribution of each of the Properties to the Company's Net Income are as follows:

<b>Contribution to Net Income</b>	<b>For the period ending June 2023 (Unaudited)</b>	
	<b>(P thousands)</b>	<b>(%)</b>
Robinsons Equitable Tower	79,683	3.65%
Robinsons Summit Center	247,306	11.34%
Cyberscape Alpha	228,023	10.46%
Cyberscape Beta	195,961	8.99%
Tera Tower	169,387	7.77%
Cyber Sigma	233,093	10.69%
Exxa-Zeta Tower	310,345	14.23%
Robinsons Cybergate Center 2	179,691	8.24%
Robinsons Cybergate Center 3	214,494	9.84%
Robinsons Cybergate Cebu	15,252	0.70%
Galleria Cebu	19,066	0.87%
Robinsons Place Luisita 1	16,633	0.76%
Cybergate Naga	12,679	0.58%
Cybergate Delta 1	37,258	1.71%
Robinsons Cybergate Bacolod	28,596	1.31%
Cyberscape Gamma	193,039	8.85%
<b>Total</b>	<b>2,180,506</b>	<b>100%</b>

**C. Costs and Expenses**

Cost and expenses consist of direct operating expenses, general and administrative expenses and interest expense on lease liability.

	<b>For the period ending June 2023 (Unaudited, P thousands)</b>
<b>Direct operating expenses</b>	
Fund management fees	119,601
Property management fees	114,762
Repairs and maintenance	40,614
Utilities	16,233
Contracted services	49,669
Accretion of interest expense	13,914
Amortization of right-of-use asset	14,555
	<b>369,348</b>
<b>General and administrative expenses</b>	
Rent expense	114,729
Taxes and licenses	54,552
Insurance	13,312
Supplies expense	3,288
Professional fees	1,434
Association dues	496
Travel and transportation	56
Others	12,090
	<b>199,957</b>



**RL FUND MANAGEMENT, INC.**

<i>(Forward)</i>	<b>For the period ending June 2023 (Unaudited, ₱ thousands)</b>
<b>Interest expense on lease liability</b>	<b>4,937</b>
<b>Total costs and expenses</b>	<b>574,242</b>

**D. Interim Statement of Cash Flows for Six Months Ended 30 June 2023**

	<b>(₱ thousands, Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Income before income tax	2,184,221
Adjustments for:	
Fair value change in investment properties	131,900
Amortization of right-of-use asset	14,555
Interest expense on lease liability	4,937
Interest income	(18,575)
Operating income before working capital changes	2,317,038
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	224,483
Other current assets	(15,257)
Increase (decrease) in:	
Accounts and other payables	211,763
Deposits and other liabilities	112,467
Cash generated from operations	2,850,494
Income tax paid	(3,715)
Interest received	18,575
Net cash flows provided by operating activities	<b>2,865,354</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	
Additions to investment properties	(10,786)
Net cash flows used in investing activities	<b>(10,786)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	
Payment of dividends	(2,094,945)
Net cash flows used in financing activities	<b>(2,094,945)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENT</b>	<b>759,623</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,014,710</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE 2023</b>	<b>1,774,333</b>

**RL FUND MANAGEMENT, INC.**

**E. Distributable Income and Adjusted Funds from Operations for the Six Months Ended 30 June 2023**  
(P thousands, Unaudited)

Total comprehensive income	2,180,506
Fair value change in investment properties	131,900
<b>Distributable income</b>	<b>2,312,406</b>
<i>Less:</i>	
Maintenance capital expenditure reserve	(36,680)
Fair value change in investment properties	(131,900)
Reversal of other non-cash accounting adjustments to comply with accounting standards	(5,079)
<b>Adjusted funds from operations</b>	<b>2,138,747</b>

The fair value of the Company's investment properties is determined using the Income Approach by an external valuer. It is reduced by the application of the straight-line method of recognizing rental income and lease commissions for the period. For the six months ending 30 June 2023, gain or loss arising from the change in the fair value of investment properties amounted to nil; while straight-line adjustments in rent and lease commissions amounted to P129.94 million and P1.96 million, respectively totalling P131.90 million.

**F. Borrowings**

RCR did not breach the borrowing limit per REIT IRR as it did not have any outstanding borrowings as of 30 June 2023 and 31 December 2022.

**III. OPERATING STATISTICS AS OF 30 JUNE 2023**

**A. Occupancy Rate**

<b>Building</b>	<b>GLA (in sqm)</b>	<b>Occupied Area (in sqm)</b>	<b>Occupancy Rate</b>
Robinsons Equitable Tower	14,365	14,036	98%
Robinsons Summit Center	31,394	25,789	82%
Cyberscape Alpha	49,902	49,902	100%
Cyberscape Beta	42,245	40,708	96%
Tera Tower	35,087	35,087	100%
Cyber Sigma	49,970	46,561	93%
Exxa-Zeta Tower	74,584	73,930	99%
Robinsons Cybergate Center 2	43,672	43,672	100%
Robinsons Cybergate Center 3	44,614	40,224	90%
Robinsons Cybergate Cebu	6,866	6,866	100%
Robinsons Galleria Cebu	8,851	8,851	100%
Luisita BTS 1	5,786	5,786	100%
Cybergate Naga	6,069	6,070	100%
Cybergate Delta 1	11,910	11,910	100%
Cybergate Bacolod 1	10,367	9,322	90%
Cyberscape Gamma	44,797	44,303	99%
<b>Total</b>	<b>480,479</b>	<b>463,017</b>	<b>96%</b>

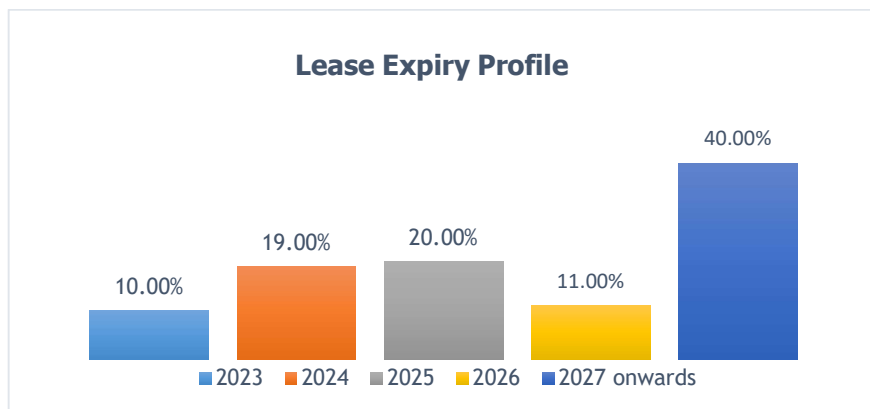
**B. Tenant Mix**

Tenant mix, excluding spaces occupied by affiliates as of 30 June 2023 is as follows:

	<b>BPO</b>	<b>Traditional</b>	<b>Others</b>
As a % of Total Occupied Area	75%	9%	16%

**C. Weighted Average Lease Expiry**

Weighted Average Lease Expiry as of 30 June 2023 is shown below:



**RL FUND MANAGEMENT, INC.**

**IV. INVESTMENT RETURN**

Following the listing of RCR's common stock in the Philippine Stock Exchange on 14 September 2021, RCR has adopted a dividend policy to maintain an annual cash dividend payout ratio of at least 90% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR. RCR likewise intends to declare and pay out dividends on a quarterly basis each year as allowed under Rule 4 Section 4 of the Revised REIT IRR.

On 21 April 2023, RCR declared its first regular cash dividends for calendar year 2023 covering the period 01 January 2023 to 31 March 2023 at ₱0.0977 per outstanding common share, following the approval of the Board of Directors in their regular meeting held on the same date. The cash dividends was paid on 31 May 2023 to stockholders of record as of 22 May 2023.

On 09 August 2023, RCR declared its second regular cash dividends for calendar year 2023 covering the period 01 April 2023 to 30 June 2023 at ₱0.0978 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 31 August 2023 to stockholders of record as of 24 August 2023.

	1Q 2023	2Q 2023	For the Period January to June 2023
Dividend per Share	₱0.0977	₱0.0978	₱0.1955
Number of Shares Outstanding	10,726,804,330	10,726,804,330	10,726,804,330
Total Dividend Amount (a)	₱1,048,008,783	₱1,049,081,463	₱2,097,090,246
Adjusted Funds from Operations (AFFO) <sup>1</sup> (b)	₱1,062,672,082	₱1,076,074,607	₱2,138,746,689
Distributable Income (c)	₱1,151,263,146	₱1,161,142,385	₱2,312,405,531
Dividend Payout Ratio			
% of AFFO (a/b)	98.62%	97.49%	98.05%
% of Distributable Income (a/c)	91.03%	90.35%	90.69%
Dividend Yield			
at Listing Price of P6.45/share	6.06%	6.07%	6.06%
at Latest Share Price of P5.47/share <sup>2</sup>	7.14%	7.15%	7.15%
at 30-day VWAP of P5.74/share <sup>2</sup>	6.81%	6.82%	6.81%

<sup>1</sup> AFFO is Net Income adjusted for maintenance CAPEX, PAS/PFRS adjustments and deferred tax

<sup>2</sup> From pse.com.ph and Bloomberg as at 21 July 2023

**RL FUND MANAGEMENT, INC.**

**V. KEY PERFORMANCE INDICATORS**

	As of June 30, 2023	As of December 31, 2022
Current ratio <sup>1</sup>	1.54	1.60
Acid test ratio (Quick ratio) <sup>2</sup>	1.44	1.48
Debt-to-equity ratio <sup>3</sup>	RCR does not have any financial indebtedness as of June 30, 2023 and December 31, 2022	
Asset-to-equity ratio <sup>4</sup>	1.05	1.04
Net book value per share <sup>5</sup>	₱5.27	₱5.26

	For the Period Ended June 30	
	2023	2022
Earnings per share <sup>6</sup>	₱0.20	₱0.20
Interest rate coverage ratio <sup>7</sup>	RCR does not have any financial indebtedness as of June 30, 2023 and December 31, 2022	
Net profit/ operating margin <sup>8</sup>	0.79	0.80
Solvency ratio <sup>9</sup>	RCR does not have any financial indebtedness as of June 30, 2023 and December 31, 2022	
Return on equity <sup>10</sup>	0.07	0.06
Return on assets <sup>11</sup>	0.07	0.06

Considering the change in the fair market values of Investment Properties, Return on Equity are -0.10 and 0.06; and Return on Assets are -0.09 and 0.06, as of June 30, 2023 and 2022, respectively.

*Notes:*

- (1) **Current ratio** is computed as Current Assets over Current Liabilities
- (2) **Acid test ratio (Quick ratio)** is computed as Quick Assets over Current Liabilities (Quick Assets include Cash)
- (3) **Debt-to-equity ratio** is computed as the ratio of financial indebtedness (which for the applicable periods is nil) to Total Shareholders' Equity
- (4) **Asset-to-equity ratio** is computed as Total Assets over Total Shareholders' Equity
- (5) **Net Book value per share** is computed as Total Shareholders' Equity over total common shares outstanding
- (6) **Earnings per share** is computed as Net Income over weighted average commons shares outstanding
- (7) **Interest rate coverage ratio** is computed as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) over interest expensed and capitalized from financial indebtedness
- (8) **Net profit/operating margin** is computed as Operating Income over Total Revenues
- (9) **Solvency ratio** is computed Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) over Total Debt (Total debt includes short-term debt and long-term debt)
- (10) **Return on equity** is computed as Net Income (12-month basis) over Total Shareholders' Equity
- (11) **Return on assets** is computed as Net Income (12-month basis) over Total Assets

**VI. ASSET ACQUISITION AND FINANCING STRATEGY**

RCR will consider asset acquisitions via different financing methods as the case may be, including but not limited to a tax-free exchange via asset-for-share swap or cash with the Sponsor, equity and debt capital raising transactions, bank loans, among others, depending on what is in RCR's best interests. As of 30 June 2023, RCR has zero debt.

**VII. Office Industry Benchmarks**

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

	Quezon City	Ortigas Center	Mandaluyong	Makati <sup>(2)</sup>	Taguig (BGC)
Rental rate/sqm/mo.	₱600-800	₱650-850	₱600-750	₱700-1,100	₱900-1,500

*Notes*

- (1) from Colliers Market Report Q2 2023
- (2) Grade A
- (3) 2Q 2023 transacted

# RCREIT

A ROBINSONS LAND COMPANY

RL FUND MANAGEMENT, INC.

## CERTIFICATION

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

By:

RL FUND MANAGEMENT, INC.

Fund Manager of RL Commercial REIT, Inc.

JAMES REYNARD M. ARCO

*Attorney-in-fact*

MICHELA MARIE C. CRUZ

*Attorney-in-fact*

AUG 09 2023

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of August 2023 at Pasig City, with the affiant/s exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
RL FUND MANAGEMENT, INC.	TIN: 010-622-265-000	
Represented by:		
James Reynard M. Arco	Driver's License # N03-05-389440	2024/09/11
Michela Marie C. Cruz	Drivers License # N01-08-004828	2031/11/29

Doc. No. 202  
Page No. 42  
Book No. 1  
Series of 2023.

ERNEST GENE P. REYES

Appointment No. 197 (2023-2024)

Notary Public for Pasig City, Pateros and San Juan

Until December 31, 2024

Attorney's Roll No. 73507

15th Floor, Robinsons Cyberscape Alpha, Sapphire and

Garnet Roads, Ortigas Center, Pasig City

PTR Receipt No. 0324772 02.06.2023; Pasig City

IRP Receipt No. 309110; 02.02.2023 RSM

MCLE No. VII-0014843