

RL COMMERCIAL REIT, INC.

(Formerly Robinsons Realty and Management Corporation)

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

November 9, 2023

DECLARATION OF AUTHENTICITY

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

I, **MATIAS G. RAYMUNDO, JR.**, designated as Chief Financial, Risk, and Compliance Officer of **RL Commercial REIT, Inc.**, with contact number (632) 8397-1888 and office address at 25th Floor, Robinsons Cyberscape Alpha, Sapphire and Garnet Road, Ortigas Center, Pasig City, do hereby certify the authenticity of the SEC Form 17-Q (Quarterly Report) with attached unaudited financial statements for the period ended September 30, 2023, submitted on November 9, 2023 online is true and correct to the best of my knowledge.



Matias G. Raymundo, Jr.
Chief Financial, Risk, and Compliance Officer

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)

Not applicable

(Telephone Number)

September 30, 2023

(Quarter Ended)

SEC Form 17Q

Form Type

Not applicable

Amendment Designation (if applicable)

Not Applicable

(Secondary License Type and File Number)

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	1	3	0	9				
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COMPANY NAME

R	L		C	O	M	M	E	R	C	I	A	L		R	E	I	T	,		I	N	C	.						
(F	o	r	m	e	r	l	y		R	o	b	i	n	s	o	n	s		R	e	a	l	t	y				
a	n	d		M	a	n	a	g	e	m	e	n	t		C	o	r	p	o	r	a	t	i	o	n)			

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

2	5	F		R	o	b	i	n	s	o	n	s		C	y	b	e	r	s	c	a	p	e		A	l	p	h	a
,		S	a	p	p	h	i	r	e		a	n	d		G	a	r	n	e	t		R	o	a	d	s	,		
B	r	g	y	.		S	a	n		A	n	t	o	n	i	o	,		P	a	s	i	g		C	i	t	y	

Form Type

1	7	-	Q
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

corsec@robinsonslan.com

Company's Telephone Number

N/A

Mobile Number

09988400935

No. of Stockholders

23,757

Annual Meeting (Month / Day)

May 12

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Matias G. Raymundo Jr.

Email Address

jay.raymundo@rlcommercialre.it.com.ph

Telephone Number/s

(+632) 8397-1888

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

25th 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 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.

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2023**

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

6. ☐ (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. **Not Applicable**.....

Former name, former address, and 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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock	10,726,804,330 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:

The Philippine Stock Exchange

Common Stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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 [☐]

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

See Exhibit II

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

See Exhibit I

PART II—OTHER INFORMATION

Item 3. Summary of All Real Estate Assets and Real Estate Transactions

(see Exhibit III)


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer
Signature and Title
Date


JERICHO P. GO
President and Chief Executive Officer

Issuer
Signature and Title
Date


MATIAS G. RAYMUNDO JR.
Chief Financial, Risk, and Compliance Officer

NOV 08 2023

SUBSCRIBED AND SWORN to before me this _____ at Pasig City, with the affiant/s exhibiting to me their identification documents as follows: *

NAME	VALID I.D.	DATE AND PLACE ISSUED
Jericho P. Go	SSID No. 33-3953961-0	
Matias G. Raymundo Jr.	UMPID. 0007-2194654-0	

Doc No.: 249
Page No.: 51
Book No.: I
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
IBP Receipt No. 309110; 02.02.2023 RSM
MCLE No. VII-0014843

EXHIBIT I

RL COMMERCIAL REIT, INC. (Formerly ROBINSONS REALTY AND MANAGEMENT CORPORATION) 3rd Quarter CY 2023 PERFORMANCE

I. Results of Operations

	For the Nine Months Ended September 30		Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase (Decrease)		2023	2022
REVENUE						
Rental income	3,397,917,720	3,340,866,003	57,051,718	2%	84%	85%
Income from dues	665,453,079	650,542,776	14,910,303	2%	16%	17%
Income from dues - net	44,156,633	47,947,861	(3,791,228)	-8%	1%	1%
	4,107,527,432	4,039,356,640	68,170,793	2%	101%	103%
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES						
Increase in fair value of investment properties	-	-	-	-	0%	0%
Straight-line adjustments	(72,643,598)	(131,604,907)	58,961,310	-45%	-2%	-3%
Lease commissions	(7,925,801)	(11,152,735)	3,226,934	-29%	0%	0%
	(80,569,399)	(142,757,642)	62,188,244	-44%	-2%	-4%
Other income	37,398,765	16,253,145	21,145,620	130%	1%	0%
	4,064,356,798	3,912,852,143	151,504,655	4%	100%	100%
COSTS AND EXPENSES						
Direct operating costs	557,119,478	504,139,290	52,980,189	11%	14%	13%
General and administrative expenses	291,316,102	278,227,307	13,088,795	5%	7%	7%
Interest expense on lease liability	7,493,483	7,264,055	229,427	3%	0%	0%
	855,929,063	789,630,652	66,298,411	8%	21%	20%
INCOME BEFORE INCOME TAX	3,208,427,735	3,123,221,491	85,206,244	3%	79%	80%
INTEREST INCOME	35,336,768	3,192,330	32,144,438	1007%	1%	0%
PROVISION FOR INCOME TAX	(7,067,354)	(638,466)	(6,428,888)	1007%	0%	0%
NET INCOME / TOTAL COMPREHENSIVE INCOME	3,236,697,149	3,125,775,355	110,921,794	4%	80%	80%

Revenues

Total revenues for the nine months ended September 30, 2023 at ₱4,064.36 million, reflecting a 4% increase or ₱151.50 million compared to the same period last year. This growth can be attributed to the cash acquisition of Cybergate Bacolod in March 2022 and the property for share swap of Cyberscape Gamma, which received SEC approval in August 2022.

Total rental income for the nine months ended September 30, 2023 at ₱3,397.92 million, indicating a 2% increase or ₱57.05 million compared to the same period in 2022. This rise can be primarily attributed to the inclusion of the recently infused assets, Cybergate Bacolod and Cyberscape Gamma.

Income from dues represents recoveries from tenants for the usage of common areas and air-conditioning services. This figure, presented gross of related costs and expenses, amounted to ₱665.45 million for the nine months ended September 30, 2023, compared to ₱650.54 million in the same period of 2022. The increase can also be attributed to the aforementioned infusion of Cybergate Bacolod and Cyberscape Gamma.

Income from dues - net primarily consists of fees collected for the use of the Common Use Service Area and air-conditioning services in the Condominium Units. It has been determined that the Company acts as an agent for these services. For the nine months ended September 30, 2023, the income from dues - net amounted to ₱44.16 million, down ₱3.79 million versus the same period of 2022.

The fair value of the Company's investment properties is assessed using the Income Approach, as determined 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 nine months ended September 30, 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 ₱72.64 million and ₱7.93 million, respectively.

Other income amounted to ₱37.40 million for the nine months ended September 30, 2023, versus ₱16.25 million in the same period of 2022. Other income is composed of penalties on late payments, forfeitures, and others.

Costs and Expenses

Direct operating costs comprise expenses that are directly associated with the operations of the company, including management fees, repairs and maintenance, contracted services, utilities, amortization of right-of-use asset and accretion of interest expense. For nine months ending September 30, 2023, these costs amounted to ₱557.12 million, an 11% increase or ₱52.98 million higher than the same period last year. Said increase was mainly due to the operations of the two new infused assets in 2022, Cybergate Bacolod and Cyberscape Gamma.

General and administrative (G&A) expenses, on the other hand, totaled ₱291.32 million for the nine months ended September 30, 2023, an increase of ₱13.09 million or 5% versus the same period of 2022. These G&A expenses encompass various costs such as rent expense for the land and building lease, taxes and licenses, insurance expense, advertising and promotions and other general and administrative expenses.

Furthermore, Interest expense on lease liability amounted to ₱7.49 million for the nine months ended September 30, 2023 compared to ₱7.26 million during the same period last year. This expense relates to the long-term land lease for Cyber Sigma.

Income before Income Tax

Operating income for the nine months ended September 30, 2023 reached a total of ₱3,208.43 million versus ₱3,123.22 million in the same period of 2022, an increase of 3% mainly due to the aforementioned infusion of Cybergate Bacolod and Cyberscape Gamma.

Interest income

Interest income for the nine months ended September 30, 2023 ended at ₱35.34 million, reflecting a significant increase of ₱32.14 million or 1007% compared to the previous year. This rise can be attributed to the higher amount of money market placements made during this year.

Provision for income tax

Provision for income tax pertains to the final tax on interest income. For the nine months ending September 30, 2023, it ended at ₱7.07 million, higher by 1007% or by ₱6.43 million versus same period in 2022, due to the higher interest income earned this year. Additionally, the Company benefited from the income tax exemption as it distributed to shareholders an amount equivalent to more than 90% of its distributable income.

Net income/Total comprehensive income

As a result of the foregoing, the Company's net income for the nine months ended September 30, 2023 amounted to ₱3,236.70 million, 4% or ₱110.92 million higher than same period last year.

II. Financial Position

	September 30, 2023	December 31, 2022	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	1,754,408,514	1,014,710,209	739,698,305	73%	3%	2%
Receivables	273,548,822	726,561,465	(453,012,643)	-62%	0%	1%
Other current assets	137,456,566	139,897,264	(2,440,698)	-2%	0%	0%
Total Current Assets	2,165,413,902	1,881,168,938	284,244,964	15%	4%	3%
Noncurrent Assets						
Investment properties	56,704,108,061	56,701,820,094	2,287,968	0%	96%	97%
Other noncurrent asset	133,955,299	132,496,465	1,458,834	1%	0%	0%
Total Noncurrent Assets	56,838,063,360	56,834,316,559	3,746,802	0%	96%	97%
	59,003,477,262	58,715,485,497	287,991,766	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts and other payables	843,616,229	782,639,173	60,977,056	8%	1%	1%
Deposits and other current liabilities	482,985,639	392,287,718	90,697,921	23%	1%	1%
Total Current Liabilities	1,326,601,868	1,174,926,891	151,674,977	13%	2%	2%
Noncurrent Liabilities						
Lease liability	264,859,202	257,365,719	7,493,483	3%	0%	0%
Deposits and other noncurrent liabilities	861,423,460	825,271,173	36,152,287	4%	1%	1%
Total Noncurrent Liabilities	1,126,282,662	1,082,636,892	43,645,770	4%	2%	2%
Total Liabilities	2,452,884,530	2,257,563,783	195,320,747	9%	4%	4%
Equity						
Capital stock	10,726,804,330	10,726,804,330	-	0%	18%	18%
Additional paid-in capital	54,125,177,627	54,125,177,627	-	0%	92%	92%
Retained earnings (Deficit)	(8,301,389,225)	(8,394,060,243)	92,671,018	-1%	-14%	-14%
Total Equity	56,550,592,732	56,457,921,714	92,671,018	0%	96%	96%
	59,003,477,262	58,715,485,497	287,991,766	0%	100%	100%

Assets

The Company's financial position as of September 30, 2023 remains solid and healthy with total assets increasing to ₱59,003.48 million from ₱58,715.49 million as of December 31, 2022.

Cash

The Company's cash ended at ₱1,754.41 million as of September 30, 2023, from ₱1,014.71 million as of December 31, 2022. The increase of ₱739.70 million or 73% was mainly due to the cash generated from operations amounting to ₱3,899.55 million, offset by the payment of cash dividends for 4Q 2022, 1Q and 2Q 2023 amounting to ₱3,144.03 million, other noncurrent assets of ₱1.46 million, and maintenance capex of ₱14.36 million.

Receivables

Receivables ended at ₱273.55 million as of September 30, 2023, from a ₱726.56 million as of December 31, 2022. The decrease was due to the improvement in collection efficiency during the period.

Other current assets

Other current assets ended at ₱137.46 million as of September 30, 2023, from ₱139.90 million as of December 31, 2022. The slight decrease of ₱2.44 million or 2% was due to amortization of prepaid taxes, offset by the accumulated creditable income tax which were not utilized yet as the Company benefited from tax exemption mainly due to the declaration and payout of dividends equivalent to more than 90% of its distributable income.

Investment properties

Investment properties ended at ₱56,704.11 million as of September 30, 2023, from ₱56,701.82 million as of December 31, 2022. The increase was mainly due to the additions in maintenance capex, offset by the amortization of right-of-use asset that relates to the land lease of Cyber Sigma.

Other noncurrent assets

Other noncurrent assets amounted to ₱133.96 million as of September 30, 2023, from ₱132.50 million as of December 31, 2022.

Liabilities

RCR has zero debt and has the capacity to leverage up to 35% of Deposited Property Value.

Total liabilities landed at ₱2,452.88 million and ₱2,257.56 million as of September 30, 2023 and December 31, 2022, respectively.

Accounts and other payables

Accounts and other payables were ₱843.62 million as of September 30, 2023 and ₱782.64 million as of December 31, 2022. The increase was due to the higher expenditures on utilities and other operating expenses.

Deposits and other liabilities (current and noncurrent)

The Company's deposits and other liabilities were ₱1,344.41 million as of September 30, 2023 and ₱1,217.56 million as of December 31, 2022. The increase was due to the additional deposits collected from new contracts.

Lease liability

The Company's lease liability was ₱264.86 million as of September 30, 2023 and ₱257.37 million as of December 31, 2022. The increase was due to the accretion of interest expense on lease liability.

Equity

Capital stock

Capital stock ended at ₱10,726.80 million as of September 30, 2023 and December 31, 2022.

Additional paid-in capital

The Company's additional paid-in capital (APIC) amounted to ₱54,125.18 million as of September 30, 2023 and December 31, 2022.

Retained Earnings (Deficit)

Retained earnings before the change in fair market values of investment properties ended at ₱1,749.43 million and ₱1,576.19 million as of September 30, 2023 and December 31, 2022, respectively. Considering the change in the fair market values of investment properties, retained earnings ended at -₱8,301.39 million and -₱8,394.06 million as of September 30, 2023 and December 31, 2022, respectively. The increase was mainly due to the net income from the operations covering the nine months ending September 30, 2023, offset by the payment of dividends for 4Q 2022, 1Q and 2Q 2023.

III. Key Performance Indicators

A summary of key performance indicators of RCR are presented below. The Company employs analyses using comparisons and measurements based on the financial data for current periods against the same period of the past year.

The key performance indicators are as follows:

	As of September 30, 2023	As of December 31, 2022
Current ratio ¹	1.63	1.60
Acid test ratio (Quick ratio) ²	1.53	1.48
Debt-to-equity ratio ³	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Asset-to-equity ratio ⁴	1.04	1.04
Net book value per share ⁵	₱5.27	₱5.26

	For the Period Ended September 30	
	2023	2022
Earnings per share ⁶	₱0.30	₱0.31
Interest rate coverage ratio ⁷	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Net profit/ operating margin ⁸	0.79	0.80
Solvency ratio ⁹	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Return on equity ¹⁰	0.07	0.06
Return on assets ¹¹	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 September 30, 2023 and 2022, respectively.

Notes:

- Current ratio** is computed as Current Assets over Current Liabilities
- Acid test ratio (Quick ratio)** is computed as Quick Assets over Current Liabilities (Quick Assets includes Cash & Cash equivalents and Receivables)
- Debt-to-equity ratio** is computed as the ratio of financial indebtedness (which for the applicable periods is equivalent to nil) to Total Shareholders' Equity
- Asset-to-equity ratio** is computed as Total Assets over Total Shareholders' Equity
- Net Book value per share** is computed as Total Shareholders' Equity over total common shares outstanding
- Earnings per share** is computed as Net Income over weighted average common shares outstanding
- Interest rate coverage ratio** is computed as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) over interest expensed and capitalized from financial indebtedness
- Net profit/operating margin** is computed as Operating Income over Total Revenues
- 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)
- Return on equity** is computed as Net Income (12-month basis) over Total Shareholders' Equity
- Return on assets** is computed as Net Income (12-month basis) over Total Assets

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

Unaudited Interim Condensed Financial Statements
As of September 30, 2023 and for the Nine Months Ended September 30, 2023 and 2022
*(With Comparative Audited Statement of Financial Position
as of December 31, 2022)*

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱1,754,408,514	₱1,014,710,209
Receivables (Note 7, 13)	273,548,822	726,561,465
Other current assets (Note 8)	137,456,566	139,897,264
Total Current Assets	2,165,413,902	1,881,168,938
Noncurrent Assets		
Investment properties (Note 9)	56,704,108,061	56,701,820,094
Other noncurrent assets (Note 8)	133,955,299	132,496,465
Total Noncurrent Assets	56,838,063,360	56,834,316,559
	₱59,003,477,262	₱58,715,485,497
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10, 13)	₱843,616,229	₱782,639,173
Deposits and other current liabilities (Note 11)	482,985,639	392,287,718
Total Current Liabilities	1,326,601,868	1,174,926,891
Noncurrent Liabilities		
Lease liability	264,859,202	257,365,719
Deposits and other current liabilities (Note 11)	861,423,460	825,271,173
Total Noncurrent Liabilities	1,126,282,662	1,082,636,892
Total Liabilities	2,452,884,530	2,257,563,783
Equity		
Capital stock (Note 12)	10,726,804,330	10,726,804,330
Additional paid-in capital (Note 12)	54,125,177,627	54,125,177,627
Retained earnings (Note 12)	(8,301,389,225)	(8,394,060,243)
Total Equity	56,550,592,732	56,457,921,714
	₱59,003,477,262	₱58,715,485,497

See accompanying Notes to Unaudited Interim Financial Statements.

RL COMMERCIAL REIT, INC.
(Formerly Robinsons Realty and Management Corporation)
UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Period July to September		For the Period January to September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
Rental income (Note 14)	₱1,025,413,115	1,193,224,393	₱3,397,917,720	₱3,340,866,003
Income from dues (Note 14)	221,060,992	244,874,709	665,453,079	650,542,776
Income from dues – net (Note 15)	11,469,300	14,465,659	44,156,633	47,947,861
	1,257,943,407	1,452,564,761	4,107,527,432	4,039,356,640
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES				
Increase in fair value of investment properties	–	–	–	–
Straight-line adjustments	57,297,370	(37,885,601)	(72,643,598)	(131,604,907)
Lease commissions	(5,967,009)	(3,457,439)	(7,925,801)	(11,152,735)
	51,330,361	(41,343,040)	(80,569,399)	(142,757,642)
Other income (Note 16)	15,194,905	7,639,467	37,398,765	16,253,145
	1,324,468,673	1,418,861,188	4,064,356,798	3,912,852,143
COSTS AND EXPENSES				
Direct operating costs (Note 17)	187,771,693	176,430,234	557,119,478	504,139,290
General and administrative expenses (Note 17)	91,358,139	105,668,853	291,316,102	278,227,307
Interest expense on lease liability (Note 18)	2,556,957	2,460,858	7,493,483	7,264,055
	281,686,789	284,559,945	855,929,063	789,630,652
OPERATING INCOME	1,042,781,884	1,134,301,243	3,208,427,735	3,123,221,491
OTHER INCOME				
Interest Income	16,761,868	2,070,226	35,336,768	3,192,330
INCOME BEFORE INCOME TAX	1,059,543,752	1,136,371,469	3,243,764,503	3,126,413,821
PROVISION FOR INCOME TAX (Note 19)	(3,352,374)	(638,466)	(7,067,354)	(638,466)
NET INCOME	1,056,191,378	1,135,733,003	3,236,697,149	3,125,775,355
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	₱1,056,191,378	₱1,135,733,003	₱3,236,697,149	₱3,125,775,355
Basic and Diluted Earnings Per Share (Note 12)	₱0.0985	₱0.1100	₱0.3017	₱0.3100
Dividends declared to-date	₱0.0978	₱0.0972	₱0.2931	₱0.2857

See accompanying Notes to Unaudited Interim Financial Statements.

RL COMMERCIAL REIT, INC.**(Formerly Robinsons Realty and Management Corporation)****UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 AND 2022****For the Nine Months Ended September 30, 2023**

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Retained Earnings (Note 12)	Total Equity
Balances at January 1, 2023	₱10,726,804,330	₱54,125,177,627	(₱8,394,060,243)	₱56,457,921,714
Total comprehensive income for the period	–	–	3,236,697,149	3,236,697,149
Cash dividends	–	–	(3,144,026,131)	(3,144,026,131)
Balances at September 30, 2023	₱10,726,804,330	₱54,125,177,627	(₱8,301,389,225)	₱56,550,592,732

For the Nine Months Ended September 30, 2022

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Retained Earnings (Note 12)	Total Equity
Balances at January 1, 2022	₱9,948,997,197	₱49,022,762,831	₱1,062,446,136	₱60,034,206,164
Issuance of shares of stock	777,807,133	5,110,192,867	–	5,888,000,000
Stock issuance cost	–	(7,778,071)	–	(7,778,071)
Total comprehensive income for the period	–	–	3,125,775,355	3,125,775,355
Cash dividends	–	–	(2,842,428,500)	(2,842,428,500)
Balances at September 30, 2022	₱10,726,804,330	₱54,125,177,627	₱1,345,792,991	₱66,197,774,948

See accompanying Notes to Unaudited Interim Financial Statements.

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

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱3,243,764,503	₱3,126,413,821
Adjustments for:	-	-
Fair value change in investment properties	80,569,399	142,757,642
Amortization of right-of-use asset	21,953,599	21,953,599
Interest expense on lease liability	7,493,483	7,264,055
Interest income	(35,336,768)	(3,192,330)
Operating income before working capital changes	3,318,444,216	3,295,196,787
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	380,369,046	140,199,318
Other current assets	2,440,698	(27,432,642)
Increase in:		
Accounts payable and other payables	43,172,045	(36,556,553)
Deposits and other liabilities	126,850,208	51,519,853
Net cash generated from operations	3,871,276,213	3,422,926,763
Interest received	35,336,768	(638,466)
Income tax paid	(7,067,354)	3,192,330
Net cash flows provided by operating activities	3,899,545,627	3,425,480,627
CASH FLOWS USED INVESTING ACTIVITIES		
Additions to investment properties	(14,362,357)	(835,374,484)
Increase in other noncurrent assets	(1,458,834)	(94,953,557)
Net cash flows used in investing activities	(15,821,191)	(930,328,041)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment of dividends	(3,144,026,131)	(2,842,428,500)
Payment of stock issue cost	-	(7,778,071)
Net cash flows used in financing activities	(3,144,026,131)	(2,850,206,571)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	739,698,305	(355,053,985)
CASH AND CASH EQUIVALENTS AT JANUARY 1	1,014,710,209	1,373,255,004
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	₱1,754,408,514	₱1,018,201,019

See accompanying Notes to Unaudited Interim Financial Statements.

RL COMMERCIAL, REIT, INC.

(Formerly Robinsons Realty and Management Corporation)

NOTES TO UNAUDITED INTERIM 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 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, Cybergate Cebu, Galleria Cebu, Luisita BTS 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.

On March 8, 2022, the Company entered into a Deed of Sale with RLC for the acquisition of Robinsons Cybergate Bacolod for Seven Hundred Thirty-Four Million Pesos (₱734,000,000), exclusive of value-added tax. Robinsons Cybergate Bacolod is the 15th asset acquired by RCR. It is located in Bacolod City, Negros Occidental with gross leasable area of 10,367 sqm.

On April 20, 2022, RCR entered into a Deed of Assignment with RLC for the infusion of Robinsons Cyberscape Gamma for Five Billion Eight Hundred Eighty-Eight Million Pesos (₱5,888,000,000), exclusive of value-added tax. Robinsons Cyberscape Gamma is the 16th asset acquired by RCR. It is located in Pasig City, Metro Manila with gross leasable area of 44,797 sqm.

On August 15, 2022, Securities and Exchange Commission (SEC) has issued its approval of the valuation of Gamma in the amount of Five Billion Eight Hundred Eighty-Eight Million Pesos (₱5,888,000,000) to be applied as payment for the additional issuance of 777,807,133 common shares at par value of 1.00 each from unissued portion of the present authorized capital stock with additional paid-in capital of Five Billion One Hundred Ten Million One Hundred Ninety Two Thousand Eight Hundred Sixty Seven Pesos (₱5,110,192,867).

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 September 30, 2023 and for the nine months ended September 30, 2023 and 2022 were authorized for issue by the BOD on November 7, 2023.

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.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs 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 of the following new standards effective January 1, 2023. 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.

- 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.

- Amendments to PAS 16, *Property, 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 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.

- *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 in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- 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.

- 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.

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, 2023

- 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.

- 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.

- 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.

Effective beginning on or after January 1, 2024

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- 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, 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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 and Sustainability 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 and cash equivalents

Cash includes cash in bank. Cash in bank is stated at face amount and earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

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 September 30, 2023 and 2022.

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 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.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the 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.

Fair Value Hierarchy

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.

Customers' Deposits

Deposits from lessees

Deposits from lessees which includes security deposits that are initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the 'Deposits and other liabilities' in the 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).

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

For the benefit of the lessee, 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, for the benefit of the lessee, 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, for the benefit of the lessee, 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, for the benefit of the lessee, on how to price the CUSA and air-conditioning charges.

For the provision of CUSA and air conditioning of the Condominium Units, the Company, for the benefit of the lessee, 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 ₱264.86 million and ₱257.37 million as of September 30, 2023 and December 31, 2022, 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 receivables amounted to ₱273.55 million and ₱726.56 million as of September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022 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 ₱56,704.11 million and ₱56,701.82 million as of September 30, 2023 and December 31, 2022, respectively. Fair value change recognized as of September 30, 2023 amounted to nil. (-₱9,801.94 million for the year 2022). (see Note 9).

6. Cash and cash equivalents

This account consists of:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cash on hand and in bank	₱304,408,514	₱414,710,209
Short-term investments	1,450,000,000	600,000,000
	₱1,754,408,514	₱1,014,710,209

Cash in bank earns interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three months and earn interest at the prevailing short-term investment rates.

Interest earned from cash in bank and short-term investments for the nine months ended September 30, 2023 and 2022 amounted to ₱35.34 million and ₱3.19 million, respectively

7. Receivables

This account consists of:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade receivables (Notes 13 and 14)	₱245,238,072	₱420,641,226
Receivable from a related party (Note 13)	21,801,439	298,181,740
Others	6,509,311	7,738,499
	₱273,548,822	₱726,561,465

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). These are due and demandable.

Others are composed of accrued interest receivable on short-term investments and down payment to contractors and suppliers.

No provision for ECL was recognized as of September 30, 2023 and 2022.

8. Other Assets

Other Current Assets

This account consists of

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid taxes	₱30,720,935	₱88,441,545
Creditable withholding taxes	106,735,631	51,455,719
	₱137,456,566	₱139,897,264

Prepaid taxes pertain to the unamortized portion of advance payments for real property and business 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 Assets

Other noncurrent assets amounting to ₱133.96 million and ₱132.50 million as of September 30, 2023 and December 31, 2022, respectively, includes security deposits to Robinsons Land Corporation (RLC) in relation to lease agreements for the land on which the Company properties are situated and lease agreements for the two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, and to the 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:

	September 30, 2023 (Unaudited)		
	Building and Building Improvements	Right-of-Use Assets (Note 18)	Total
Cost			
Balance at beginning of period	₱56,197,208,972	₱546,105,837	₱56,743,314,809
Additions	24,241,567	-	24,241,567
Balance at end of period	56,221,450,539	546,105,837	56,767,556,376
Accumulated Depreciation			
Balance at beginning of period	-	41,494,715	41,494,715
Amortization (Note 17)	-	21,953,600	21,953,600
Balance at end of period	-	63,448,315	63,448,315
Net Book Value	₱56,221,450,539	₱482,657,522	₱56,704,108,061

	December 31, 2022 (Audited)		
	Building and Building Improvements	Right-of-Use Assets (Note 18)	Total
Cost			
Balance at beginning of year	₱59,270,197,244	₱546,105,837	₱59,816,303,081
Additions	6,728,952,646	–	6,728,952,646
Fair value change	(9,801,940,918)	–	(9,801,940,918)
Balance at end of year	56,197,208,972	546,105,837	56,743,314,809
Accumulated Depreciation			
Balance at beginning of year	–	12,142,833	12,142,833
Amortization	–	29,351,882	29,351,882
Balance at end of year	–	41,494,715	41,494,715
Net Book Value	₱56,197,208,972	₱504,611,122	₱56,701,820,094

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 September 30, 2023 and December 31, 2022 amounted to ₱56,704.11 million and ₱56,701.82 million, respectively. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceeded their carrying costs.

Rental income derived from investment properties amounted to ₱3,397.92 million and ₱3,340.87 million for the nine months ended September 30, 2023 and 2022 (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱557.12 million and ₱504.14 million for the nine months ended September 30, 2023 and 2022 (see Note 17).

There are no investment properties as of September 30, 2023 and December 31, 2022 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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts payable (Note 13)	₱211,736,353	₱171,491,316
Accrued expenses	554,249,752	549,667,688
Taxes payable	77,630,124	61,480,169
	₱843,616,229	₱782,639,173

Accounts payable pertains to unpaid billings from RPMI and RFMI related to management fees (see Note 13) and other payables in the normal course of business. These are noninterest bearing and are due and demandable.

Accrued expenses include accruals for utilities, repairs and maintenance, contracted services 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposits from lessees	₱1,030,798,404	₱922,006,287
Unearned rental income	216,878,156	198,054,668
Deferred credits	96,732,539	97,497,936
	1,344,409,099	1,217,558,891
Less current portion	482,985,639	392,287,718
	₱861,423,460	₱825,271,173

The current portion of these accounts follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposits from lessees	₱340,504,648	₱240,819,974
Unearned rental income	92,906,536	101,501,030
Deferred credits	49,574,455	49,966,714
	₱482,985,639	₱392,287,718

Deposits from lessees

Deposits from lessees represent deposits received from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three (3) months' rent and refunded to the lessee at the end of the lease term.

The rollforward analysis of deposits from lessees follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Gross Amount		
Balance at beginning of period	₱1,021,634,838	₱951,996,306
Additions	108,873,044	69,638,532
Balance at end of period	1,130,507,882	1,021,634,838
Unamortized Discount		
Balance at beginning of period	99,628,552	111,119,435
Additions	30,767,390	16,337,569
Accretion (Note 17)	(30,686,462)	(27,828,453)
Balance at end of period	99,709,479	99,628,551
Net Amount	1,030,798,404	922,006,287
Less current portion	340,504,648	240,819,974
	₱690,293,756	₱681,186,313

Unearned rental income

Unearned rental income represent cash received in advance representing three (3) months' rent which will be applied to either the first or the last three (3) months' rentals on the related lease contracts.

Deferred credits

Deferred credits pertain to the difference between the nominal value of the deposits from lessees and their fair values. This is initially measured at fair value and subsequently amortized using the straight-line method.

The rollforward analysis of deferred credits follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	₱97,497,936	₱110,233,688
Additions	30,767,389	16,337,570
Amortization	(31,532,786)	(29,073,322)
Balance at end of period	96,732,539	97,497,936
Less current portion	49,574,455	49,966,714
	₱47,158,084	₱47,531,222

12. Equity

The details of the Company's common shares as of September 30, 2023 and December 31, 2022 follow:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Shares	Amount	Shares	Amount
Authorized - at ₱1 par value				
Balances at beginning of year	39,795,988,732	₱39,795,988,732	39,795,988,732	₱39,795,988,732
Increase in authorized capital stock (a)	—	—	—	—
Balances at end of year	39,795,988,732	₱39,795,988,732	39,795,988,732	₱39,795,988,732
Issued and outstanding				
Balances at beginning of year	10,726,804,330	₱10,726,804,330	9,948,997,197	₱9,948,997,197
Collection of subscription receivable (b)	—	—	—	—
Issuance of new shares (a)	—	—	777,807,133	777,807,133
Balances at end of year	10,726,804,330	₱10,726,804,330	10,726,804,330	₱10,726,804,330
Net asset value per share		₱5.27		₱5.26

- (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.

Initial Public Offering (IPO) and Additional Issuance of Shares

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.

On August 15, 2022, SEC has issued its approval of the valuation of Gamma in the amount of ₱5,888.00 million to be applied as payment for the additional issuance of 777,807,133 common shares at par value of ₱1.00 each from unissued portion of the present authorized capital stock.

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.

On August 15, 2022, the Company recorded APIC amounting to ₱5,102.41 million, net of stock issuance costs, following the approval of the SEC. The Company incurred transaction costs incidental to the issuance of additional shares amounting to ₱7.78 million.

Dividend Declaration

On February 6, 2023, the Company's BOD approved the declaration of cash dividends for the fourth quarter of calendar year 2022 covering the period October 1 to December 31, 2022 of ₱0.0976 per outstanding common share to stockholders on record date as of February 20, 2023. The cash dividend was paid on February 28, 2023.

On April 21, 2023, the Company's BOD approved the declaration of its first regular cash dividends for calendar year 2023 covering the period January 1 to March 31, 2023 at ₱0.0977 per outstanding common share to stockholders on record date as of May 22, 2023. The cash dividend was paid on May 31, 2023.

On August 9, 2023, the Company's BOD approved the declaration of its second regular cash dividends for calendar year 2023 covering the period April 1 to June 30, 2023 at ₱0.0978 per outstanding common share to stockholders on record date as of August 24, 2023. The cash dividend was paid on August 31, 2023.

Distributable Income

The computation of the distributable income of the Company as of September 30, 2023 is shown below:

Total comprehensive income	₱3,236,697,149
Add: Fair value change in investment properties	80,569,399
<u>Distributable income</u>	<u>₱3,317,266,548</u>

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 nine months ending September 30, 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 ₱72.64 million and ₱7.93 million, respectively, totaling ₱80.57 million.

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 ₱56,550.59 million and ₱56,457.92 million as of September 30, 2023 and December 31, 2022, 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:

	September 30, 2023 (Unaudited)			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱30,866,314	₱11,035,791	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	₱250,243,953	₱54,320,583	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Rental income/receivable (a)	₱196,599,975	(₱334,355)	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)	₱76,380,301	₱221,801,439	Non-interest bearing; due and demandable	Unsecured; no impairment
Parent Company				
Rent expense/payable (Note 17,18)	₱170,015,091	(₱35,975,563)	Noninterest bearing; due and demandable	Unsecured

	September 30, 2023 (Unaudited)			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
<i>(forward)</i>				
Under common control of Parent Company				
Management fees/accounts payable (b) (Note 17)	₱348,480,136	(₱133,122,766)	Noninterest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱304,116,251	—	Interest bearing at prevailing market rate	Unsecured; no impairment
Short-term investments (Note 6)	₱1,450,000,000	—	Interest bearing at prevailing market rate	Unsecured; no impairment
Interest income (Note 6)	₱35,336,768	₱4,313,376	at 5.00%-6.10% per annum due and demandable	
December 31, 2022 (Audited)				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱39,921,238	₱14,740,199	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	₱410,559,850	₱119,563,231	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Rental income/receivable (a)	₱288,223,662	₱17,143,605	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)	₱196,722,354	₱298,181,740	Noninterest bearing; due and demandable	Unsecured; no impairment
Parent Company				
Rent expense (Note 18)	₱211,722,256	(₱61,418,021)	Noninterest bearing; due and demandable	Unsecured
Under common control of Parent Company				
Management fees/accounts payable (b)	₱455,237,379	(₱126,932,924)	Noninterest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱414,409,684	—		Unsecured; no impairment
Short-term investments	600,000,000		Interest bearing	
Interest income	14,059,311			

Significant transactions with related parties are as follows:

(a) Rental income

The revenue generated from related party lessees amounted to ₱477.71 million and ₱544.30 million for the nine months ended September 30, 2023 and 2022.

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 incurred management fees amounting to ₱348.48 million and ₱348.05 million for the nine months ended September 30, 2023 and 2022.

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 as of September 30, 2023 and December 31, 2022. 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 for the nine months ended September 30, 2023 and 2022 from:

	2023	2022
	(Unaudited)	(Unaudited)
Office, retail and parking spaces	₱3,366,384,934	₱3,330,878,318
Amortization of deferred credits (Note 11)	31,532,786	9,987,685
	₱3,397,917,720	₱3,340,866,003

Rental income from office, retail and parking includes income from the straight-line method of recognizing rental income amounting to ₱68.97 million and ₱136.65 million for the nine months ending September 30, 2023 and 2022, respectively.

Income from dues

Income from dues pertains to recoveries from tenants for the usage of common areas, air-conditioning services. This is presented gross of related costs and expenses.

Set out below is the disaggregation of the Company's revenue from income from dues or non-lease component for the nine months ending September 30, 2023 and 2022:

	2023 (Unaudited)	2022 (Unaudited)
Income from dues:		
CUSA	₱639,769,316	₱628,223,030
Air-conditioning	25,683,763	22,319,746
	₱665,453,079	₱650,542,776

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 for the nine months ending September 30, 2023 and 2022:

	2023 (Unaudited)	2022 (Unaudited)
Dues	₱124,307,099	₱106,666,987
Less direct costs	(80,150,466)	(58,719,126)
	₱44,156,633	₱47,947,861

16. Other Income

This account pertains to miscellaneous income earned from forfeitures and penalties charged to tenants for late payments, and others. Other income amounted to ₱37.40 million and ₱16.25 million for the nine months ended September 30, 2023 and 2022.

17. Costs and ExpensesDirect Operating Costs

This account consists of the following for the nine months ended September 30, 2023 and 2022:

	2023 (Unaudited)	2022 (Unaudited)
Management fees (Notes 10 and 13)	₱348,480,136	₱348,046,061
Contracted services	70,760,080	52,444,831
Repairs and maintenance	66,263,261	63,642,944
Accretion of interest expense (Note 11)	30,686,462	8,926,951
Amortization (Note 9)	21,953,600	21,953,599
Utilities - net (Note 5)	18,975,939	9,124,904
	₱557,119,478	₱504,139,290

Utilities - net pertains to net recoveries from tenants for the usage of light and water. Set out below is the disaggregation of the Company's utility dues billed to tenants in 2023 and 2022:

	2023 (Unaudited)	2022 (Unaudited)
Utility dues:		
Light	₱471,904,826	₱513,513,634
Water	21,646,163	12,428,198
Diesel and other charges	171,515	-
Costs:		
Light	(480,257,488)	(517,760,090)
Water	(27,138,798)	(15,446,385)
Diesel and other charges	(5,302,157)	(1,860,261)
	(₱18,975,939)	(₱9,124,904)

General and Administrative Expenses

This account consists of the following for the nine months ended September 30, 2023 and 2022:

	2023 (Unaudited)	2022 (Unaudited)
Rent expense (Note 18)	₱170,015,091	₱155,740,537
Taxes and licenses	81,165,371	75,648,085
Insurance expense	19,084,415	15,955,495
Supplies expense	4,233,523	2,792,400
Professional fees	1,499,214	2,941,296
Communication	385,713	310,638
Advertising and promotions	66,964	1,661,658
Others	14,865,811	23,177,198
	₱291,316,102	₱278,227,307

Others pertain to directors' fees, garbage fees, filing 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.

Total rent income amounted to ₱3,397.92 million and ₱3,340.87 million for the nine months ended September 30, 2023 and 2022, respectively.

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.

On March 8, 2022, the Company entered into long-term land lease agreement for the lease of land where Cybergate Bacolod is situated. The lease agreement is effective starting March 8, 2022 with lease terms up to fifty (50) years, renewable for a term of another twenty-five (25) years. This is subject to a monthly rental fee equivalent to seven percent (7%) of the monthly rental income of Cybergate Bacolod.

On April 20, 2022, the Company entered into long-term land lease agreement for the lease of land where Cyberscape Gamma is situated. The lease agreement is effective starting April 20, 2022 with lease terms up to fifty (50) years, renewable for a term of another twenty-five (25) years. This is subject to a monthly rental fee equivalent to seven percent (7%) of the monthly rental income of Cyberscape Gamma.

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 for the nine months ended September 30, 2023 and year ended December 31, 2022 follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of year	₱257,365,719	₱247,640,807
Interest expense on lease liability	7,493,483	9,724,912
	₱264,859,202	₱257,365,719

The following are the amounts recognized in the statements of comprehensive income for the nine months ending September 30, 2023 and 2022 from the above lease agreements as lessee:

	2023 (Unaudited)	2022 (Unaudited)
Amortization of right-of-use asset (Notes 9 and 17)	₱21,953,600	₱21,953,599
Accretion of interest expense on lease liability	7,493,483	7,264,055
Total amounts recognized in the statement of comprehensive income	₱29,447,083	₱29,217,654

19. Income Taxes

Provision for income tax amounting to ₱7.07 million and ₱0.64 million for the nine months ending September 30, 2023 and 2022, respectively, pertains to the final tax on interest income.

20. Categories and Fair Values of Financial Assets and Financial Liabilities

15.1 Carrying Amounts and Fair Values by Category

The fair values of cash and receivables and deposits and other liabilities, accounts payable and accrued expenses (excluding taxes and licenses payable) are approximately equal to their carrying amounts as of the reporting date due to the short-term nature of the transactions.

15.2 Fair Value Hierarchy

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument is observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair value as of

September 30, 2023 and December 31, 2022.

21. Events After Reporting Period

On November 7, 2023, the Company declared its third regular cash dividends for calendar year 2023 covering the period July 1 to September 30, 2023 at ₱0.0979 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 November 30, 2023 to stockholders of record as of November 21, 2023.

22. COVID-19

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Company's business activities.

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

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

AGING OF RECEIVABLES

As of September 30, 2023

		Neither Past	Past Due But Not Impaired				Past
	Total	Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Due and Impaired
Trade	₱245,238,072	₱213,634,795	₱1,976,991	₱5,710,586	₱8,287,107	₱15,628,593	₱–
Intercompany receivable	21,801,439	21,801,439	–	–	–	–	–
Others	6,509,311	6,509,311	–	–	–	–	–
	₱273,548,822	₱241,945,545	₱1,976,991	₱5,710,586	₱8,287,107	₱15,628,593	₱–

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

FINANCIAL SOUNDNESS INDICATORS

	As of September 30, 2023		As of December 31, 2022	
Current Ratio				
<div>Current Assets</div> <div>Current Liabilities</div>	<div>2,165,413,902</div> <div>1,326,601,868</div>	1.63	<div>1,881,168,938</div> <div>1,174,926,891</div>	1.60
Acid test Ratio (Quick Ratio)				
<div>Quick Assets</div> <div>Current Liabilities</div>	<div>2,027,957,336</div> <div>1,326,601,868</div>	1.53	<div>1,741,271,674</div> <div>1,174,926,891</div>	1.48
Solvency Ratio				
Not applicable. The Company has no debt as of September 30, 2023 and December 31, 2022				
Asset-to-Equity Ratio				
<div>Total Assets</div> <div>Total Equity</div>	<div>59,003,477,262</div> <div>56,550,592,732</div>	1.04	<div>58,715,485,497</div> <div>56,457,921,714</div>	1.04
Debt-to-Equity Ratio				
RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022.				
Book Value Per Share				
<div>Total Equity</div> <div>Number of Shares Outstanding</div>	<div>56,550,592,732</div> <div>10,726,804,330</div>	₱5.27	<div>56,457,921,714</div> <div>10,726,804,330</div>	₱5.26

For the Period Ended September 30				
	2023		2022	
Return on Assets				
Net Income (12-month basis)	(5,458,365,347)	-0.09	4,170,938,923	0.06
Total Assets	58,859,481,379		67,920,035,273	
Return on Equity				
Net Income (12-month basis)	(5,458,365,347)	-0.10	4,170,938,923	0.06
Total Shareholders' Equity	56,504,257,223		66,197,774,948	
Interest Coverage Ratio				
<i>RCR does not have any financial indebtedness as of September 30, 2023 and 2022.</i>				
Debt Service Coverage Ratio				
<i>RCR does not have any financial indebtedness as of September 30, 2023 and 2022.</i>				
Operating Margin Ratio				
Operating Profit	3,208,427,735	0.79	3,123,221,491	0.80
Total Revenues	4,064,356,798		3,912,852,143	
Earnings Per Share				
Net Income	3,236,697,149	₱0.30	3,125,775,355	₱0.31
Weighted Average No. of Shares	10,726,804,330		10,082,905,385	

RL COMMERCIAL REIT, INC.**(Formerly Robinsons Realty and Management Corporation)****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION**

Total Unappropriated Retained Earnings - January 1, 2023		₱1,287,487,163
Net income actually earned/realized during the period:		
Net income (loss) during the period closed to retained earnings	3,236,697,149	
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the period	–	
Fair value adjustment of Investment Property	80,569,399	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(70,614,383)	3,246,652,165
Add: Non-actual losses		
Adjustments due to deviation from PFRS/GAAP - loss		–
Net income actually earned during the period		3,246,652,165
Add (Less):		
Dividend declarations during the period		(3,144,026,131)
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION, SEPTEMBER 30, 2023		₱1,390,113,197

Exhibit III

Item 3. Summary of All Real Estate Assets and Real Estate Transactions

A. Real Estate Assets

As of 30 September 2023, RL Commercial REIT, Inc.'s portfolio of real estate assets is composed of the following:

Property	Location	Cost (in pesos, millions)	Occupied GLA (in sqm.)	Occupancy Rate	Remaining Land and Bldg. Lease Term (in years)	Rental Income (in pesos, millions)	Gross Revenue (in pesos, millions)
Robinsons Equitable Tower	Pasig City	3,136.0	14,036	98%	n/a	126.4	139.3
Robinsons Summit Center	Makati City	9,776.0	24,731	78%	n/a	364.5	400.2
Cyberscape Alpha	Pasig City	7,227.1	49,902	100%	97	393.4	446.7
Cyberscape Beta	Pasig City	5,765.0	37,793	89%	96	303.2	368.7
Tera Tower	Quezon City	4,595.4	35,087	100%	96	256.2	304.4
Cyber Sigma	Taguig City	5,418.1	46,561	93%	16	415.4	471.7
Exxa-Zeta Tower	Quezon City	9,906.0	70,795	95%	97	464.2	567.9
Cyberscape Gamma	Pasig City	5,944.9	44,303	99%	49	325.5	387.1
Robinsons Cybergate Center 2	Mandaluyong City	5,621.2	43,672	100%	96	258.7	334.3
Robinsons Cybergate Center 3	Mandaluyong City	6,463.6	38,124	85%	97	290.8	363.5
Robinsons Cybergate Cebu	Cebu City	472.0	6,866	100%	96	20.6	32.2
Galleria Cebu	Cebu City	859.4	8,851	100%	97	31.9	45.3
Luisita BTS 1	Tarlac City	524.3	5,786	100%	97	28.9	36.2
Cybergate Naga	Naga City	676.2	6,069	100%	97	21.4	32.3
Cybergate Delta 1	Davao City	1,152.0	11,300	95%	97	55.9	74.7
Cybergate Bacolod	Bacolod City	753.3	9,322	90%	49	40.7	59.5

B. Real Estate Transactions for the period covering 01 January 2023 to 30 September 2023

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 September 2023, RCR has zero debt.

C. Status of Reinvestment Plan

RCR has no ongoing reinvestment plan.