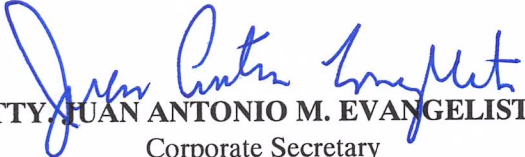


CERTIFICATION

I, Atty. Juan Antonio M. Evangelista, with office address at 12/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Corporate Secretary of RL Commercial REIT, Inc. ("Corporation"), with SEC Registration number 151309, and principal address at 25/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, hereby state under oath that:

1. On behalf of the Corporation, I have caused this SEC Form 20-IS (Preliminary Information Statement for the Special Shareholders Meeting of the Corporation) to be prepared;
2. I have read and understood its contents which are true and correct as of my own personal knowledge and/or based on true records;
3. The Corporation will comply with the requirements set forth in SEC Notice May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail;
4. I am fully aware that documents filed online which require pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of the filing fee; and
5. The email account designated by the Corporation pursuant to SEC Memorandum Circular no. 28, series of 2020 shall be used by the Corporation in its online submissions to the Corporate Governance and Finance Department of the SEC.

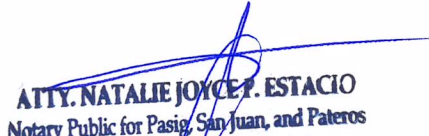
In witness whereof, I have hereunto set my hand this JUN 20 2024 2024 at Pasig City.


ATTY. JUAN ANTONIO M. EVANGELISTA
Corporate Secretary

JUN 20 2024

Subscribed and sworn to before me this _____ 2024 at Pasig City, affiant exhibiting to me his IBP Lifetime No. 12937.

Doc No. 191
Page No. 34
Book No. 1
Series of 2024.


ATTY. NATALIE JOYCE P. ESTACIO
Notary Public for Pasig, San Juan, and Pateros
Appointment No. 36 (2023-2024)
12F Robinsons Cyberscape Alpha Sapphire and
Garnet Roads, Ortigas, Pasig City
Roll of Attorneys No. 69249; May 31, 2017
IBP Lifetime Member Roll No. 016702, CALMANA Chapter
MCLE No. VII-0006762, August 27, 2021 - April 14, 2025
PTR No. 1651117; January 04, 2024; Pasig City

COVER SHEET

SEC Registration Number **1 5 1 3 0 9**

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)

(Company's Full Name)

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 , 1 6 0 5

(Business Address: No. Street City/Town/Province)

Atty. Juan Antonio Evangelista
Corporate Secretary

(Contact Person)

09988400935

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

2 0 - I S

(Form Type)

First Wednesday of May

Month Day
(Annual Meeting)

Preliminary Information Statement

Issuer of Securities under
SEC-BED Order No.125, Series of 1989; SEC-BED Order No.435, Series of 1989; SEC-BED Order No.523, Series of 1993; SEC-BED Order No.524 Series of 1993; SEC-BED Order No. 572, Series of 1995; SEC-BED Order No. 057, Series of 1997; and SEC-CFD Order No. 128, Series of 2006

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.



**NOTICE OF SPECIAL SHAREHOLDERS MEETING
JULY 15, 2024**

Notice¹ is hereby given that the Special Shareholders Meeting of **RL COMMERCIAL REIT, INC.** (“Corporation”) will be held on July 15, 2024 at 1:30 p.m. via remote communication through Microsoft Teams Live at bit.ly/2024SS_RCR in accordance with the rules of the Securities and Exchange Commission.

The Agenda for the meeting is as follows:

1. Proof of notice of the meeting and existence of a quorum;
2. Approval of the property-for-share swap of Robinsons Land Corporation and RL Commercial REIT, Inc.;
3. Consideration of such other matters as may properly come during the meeting; and
4. Adjournment.

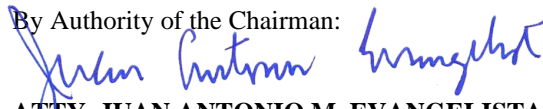
A brief explanation of the agenda item which requires shareholder approval is provided herein. The Information Statement to be sent to the shareholders shall contain more details regarding the rationale and explanation for each agenda item.

Shareholders intending to participate via remote communication must notify the Corporation by email to antonio.evangelista@rlcommercialreit.com.ph on or before July 04, 2024.

Shareholders who wish to cast their votes may do so via the method provided for voting *in absentia*, subject to validation procedures, or by accomplishing the attached proxy form. The procedures for attending the meeting via remote communication and for casting votes in absentia are explained further in the Information Statement.

Shareholders who wish to vote by proxy shall send a soft copy of the duly accomplished proxy via email to antonio.evangelista@rlcommercialreit.com.ph or a physical copy to the Office of the Corporate Secretary, 12/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, not later than July 04, 2024. Validation of proxies shall be held on July 08, 2024. **We are not soliciting proxies.**

Only shareholders of record of the Corporation as of June 21, 2024 shall be entitled to vote.

By Authority of the Chairman:

ATTY. JUAN ANTONIO M. EVANGELISTA
Corporate Secretary

¹ On June 10, 2024, the Securities and Exchange Commission approved the alternative mode of distribution of the Notice of Meeting, Information Statement and other documents in connection with the holding of the Special Shareholders Meeting through Quick Response (“QR”) Code and via electronic mail or link to the Corporation’s website. Shareholders who wish to receive hard copies of the said documents should notify the Corporation at antonio.evangelista@rlcommercialreit.com.ph.



SPECIAL SHAREHOLDERS MEETING
July 15, 2024

EXPLANATION OF AGENDA ITEMS FOR SHAREHOLDERS APPROVAL

The Corporation has established a procedure for the registration of and voting *in absentia* by shareholders at the Special Shareholders Meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A shareholder or member who participates through remote communication or votes in absentia shall be deemed present for purposes of quorum.

The following is a summary of the guidelines for voting and participation in the meeting:

- (i) Shareholders may attend the meeting by viewing the livestream at this link: bit.ly/2024SS_RCR. The livestream shall be broadcasted via Microsoft Teams. Please refer to Annex “A” of the Information Statement for detailed guidelines for participation via remote communication.
- (ii) Questions and comments on the items in the Agenda may be sent to antonio.evangelista@rlcommercialreit.com.ph. Questions or comments received on or before July 04, 2024 may be responded to during the meeting. Any questions not answered during the meeting shall be answered via email.
- (iii) Each item in the agenda for approval of the shareholders will be shown on the screen during the livestreaming as the same is taken up at the meeting.
- (iv) Shareholders may cast their votes on any item in the agenda for approval via the following modes on or before July 04, 2024:
 - a. By sending their proxies appointing the Chairman of the meeting to the Corporate Secretary; or
 - b. By voting *in absentia*, subject to validation procedures. Please refer to Annex “A” of the Information Statement for the detailed procedure for registration and voting *in absentia*.
- (v) Shareholders may cast their votes on any item in the agenda for approval by sending their proxies appointing the Chairman of the meeting to the Corporate Secretary by email to antonio.evangelista@rlcommercialreit.com.ph or hard copies to the Office of the Corporate Secretary, 12/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City on or before July 04, 2024:
 - a. Shareholders holding shares through a broker may course their proxies through their respective brokers, which shall issue a certification addressed to the Corporate Secretary and duly signed by their authorized representative/s, stating the number of shares being voted and the voting instructions on the matters presented for approval.
 - b. Shareholders may also send their duly-executed proxies directly to the Corporate Secretary. The proxies shall be sent together with the following supporting documents:
 - i. Government-issued identification (ID) of the shareholder;
 - ii. For shareholders with joint account: The proxy form must be signed by all joint shareholders. Alternatively, they may submit a scanned copy of an authorization letter signed by all Shareholders, identifying who among them is authorized to sign the proxy; and
 - iii. If holding shares through a broker, the certification from the broker stating the name of the beneficial owner and the number of shares owned by such Shareholder.
- (vi) Shareholders intending to participate via remote communication who have not sent their proxies or voted *in absentia* must notify the Corporation by email to antonio.evangelista@rlcommercialreit.com.ph on or before July 04, 2024 in order to be counted for quorum. The email should contain the following:

- a. If holding shares through a broker, certification from the broker stating the name of the beneficial owner and the number of shares owned by such Shareholder; and
 - b. Government-issued identification (ID) of the Shareholder.
- (vii) For purposes of quorum, the following Shareholders shall be deemed present:
 - a. Those who sent in their proxies before the deadline;
 - b. Those who voted in absentia before the cut off time; and
 - c. Those who notified the Corporation before the deadline of their intention to participate via remote communication.
- (viii) The Office of the Corporate Secretary shall tabulate all votes received and an independent third party will validate the results. During the meeting, the Secretary shall report the votes received and inform the Shareholders if the particular agenda item is carried or disapproved. The votes for each item for approval under the agenda will be shown on the screen.

Approval of the property-for-share swap of Robinsons Land Corporation and RL Commercial REIT, Inc.

For approval of the shareholders of the RL Commercial REIT, Inc. (“RCR” or “Corporation”) is the property-for-share swap transaction between Robinsons Land Corporation (“RLC”) and RCR (the “Transaction”).

The Transaction is comprised of eleven (11) malls totaling 278,526 square meters (“sqm.”) of leasable space, namely, Robinsons Novaliches, Robinsons Cainta, Robinsons Luisita, Robinsons Cabanatuan, Robinsons Lipa, Robinsons Sta. Rosa, Robinsons Imus, Robinsons Los Baños, Robinsons Palawan, Robinsons Ormoc and Cybergate Davao, as well as two (2) office assets totaling 68,803 sqm. of leasable space, namely, Giga Tower in the Bridgetowne Destination Estate, Quezon City, and Cybergate Delta 2 in Davao City.

RLC will subscribe to 4,987,641,178 primary common shares of RCR (“Shares”) at a price of ₱6.80 per share, equivalent to a total valuation of Thirty-Three Billion Nine Hundred Fifteen Million Nine Hundred Sixty Thousand Pesos (₱33,915,960,000.00), as supported by a Securities and Exchange (“SEC”) and Philippine Stock Exchange (“PSE”) accredited appraiser and a third-party fairness opinion.

The Transaction has been approved by the Board of RL Fund Management, Inc. as well as the Related Party Transactions Committee of RCR.

Consideration of such other matters as may properly come during the meeting

The Chairman will open the floor for comments and questions from the shareholders which were sent by email on or before July 04, 2024. The Chairman will decide whether matters raised by the shareholders may be properly taken up in the meeting or in another proper forum.

WE ARE NOT SOLICITING YOUR PROXY

Shareholders who wish to cast their votes may do so via the method provided for voting *in absentia*, or by accomplishing the proxy form provided below. The detailed procedure for casting votes *in absentia* may be found in Annex “A” of the Information Statement.

Shareholders who wish to vote by proxy shall send the proxies by email to antonio.evangelista@rlcommercialreit.com.ph or hard copies to the Office of the Corporate Secretary, 12/F Robinsons Cyberscape Alpha, Sapphire and Garnet Road, Ortigas Center, Pasig City on or before July 04, 2024.

PROXY

The undersigned shareholder of **RL COMMERCIAL REIT, INC.** (the “Corporation”), hereby appoints the Chairman of the meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the Special Shareholders Meeting of the Corporation to be held on **July 15, 2024** and adjournments and postponements thereof, for the purpose of acting on the following matters as fully to all intents and purposes as he/she/it might do if present and acting in person, and hereby ratifying and confirming all that the said attorney shall lawfully do or cause to be done by virtue of these presents:

1. Approval of the property-for-share swap of Robinsons Land Corporation and RL Commercial REIT, Inc.
 Yes No Abstain

2. At his/her discretion, the proxy named above is authorized to vote upon such matters as may properly come during the meeting
 Yes No Abstain

PRINTED NAME OF THE SHAREHOLDER

SIGNATURE OF SHAREHOLDER/ AUTHORIZED SIGNATORY

ADDRESS OF SHAREHOLDER

CONTACT NUMBER

DATE

This proxy shall continue until such time as the same is withdrawn by me through notice in writing delivered to the Corporate Secretary at least three (3) working days before the scheduled meeting on July 15, 2024.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY’S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. IN ADDITION TO THE ABOVE REQUIREMENTS FOR CORPORATIONS, A PROXY FORM GIVEN BY A BROKER OR CUSTODIAN BANK IN RESPECT OF SHARES OF STOCK CARRIED BY SUCH BROKER OR CUSTODIAN BANK FOR THE ACCOUNT OF THE BENEFICIAL OWNER MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER OR CUSTODIAN BANK HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER

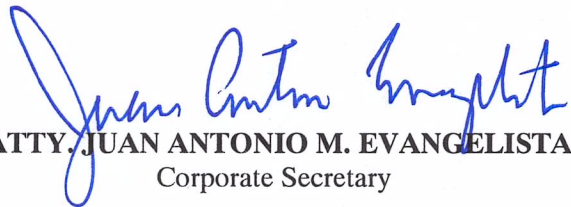
RCREIT

A ROBINSONS LAND COMPANY

CERTIFICATE

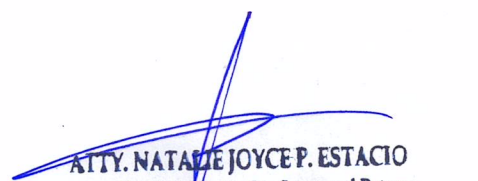
I, **ATTY. JUAN ANTONIO M. EVANGELISTA**, of legal age, Filipino, with office address at the 12/F, Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City, Metro Manila, hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of RL Commercial REIT, Inc. (the "Corporation") with principal office address at 25/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Pasig City; and
2. There are no directors, independent directors, or officers of the Corporation who are currently appointed in any governmental agency or is an employee of any government agency.


ATTY. JUAN ANTONIO M. EVANGELISTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUN 20 2024 at PASIG CITY,
affiant exhibiting to me his IBP Lifetime ID No. 129437.

Doc No. 172 ;
Page No. 24 ;
Book No. 11 ;
Series of 2024.


ATTY. NATALIE JOYCE P. ESTACIO
Notary Public for Pasig, San Juan, and Pateros
Appointment No. 36 (2023-2024)
12F Robinsons Cyberscape Alpha Sapphire and
Garnet Roads, Ortigas, Pasig City
Roll of Attorneys No. 69249; May 31, 2017
IBP Lifetime Member Roll No. 016702, CALMANA Chapter
MCLE No. VII-0006762, August 27, 2021 - April 14, 2025
PTR No. 1651117; January 04, 2024; Pasig City

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box: Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter : **RL COMMERCIAL REIT, INC.
(Formerly ROBINSONS
REALTY AND MANAGEMENT
CORPORATION)
(the "Corporation")**
3. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
4. SEC Identification Number : **SEC Registration No. 151309**
5. BIR Tax Identification Code : **TIN No. 004-707-597-000**
6. Address of principal office : **25/F Robinsons Cyberscape Alpha,
Sapphire and Garnet Roads, Brgy.
San Antonio, Pasig City, 1605**
7. Registrant's telephone number, including area code : **(632) 8397-1888**
8. Date, time and place of the meeting of security holders : **July 15, 2024
1:30 p.m.
Via Microsoft Teams Live at
bit.ly/2024SS_RCR in accordance
with the rules of the Securities and
Exchange Commission**
9. Approximate date on which copies of the Information Statement are first to be sent or given to security holders : **June 24, 2024**
10. In case of Proxy Solicitations : **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of May 31, 2024) |
|--------------------------------------|---|
| Common Stock, P1.00 par value | 10,726,804,330 |
12. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No

RL Commercial REIT, Inc.'s common stock is listed on the Philippine Stock Exchange.

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date Time and Place of Meeting	:	July 15, 2024 1:30 P.M. Via Microsoft Teams Live at bit.ly/2024SS_RCR in accordance with the rules of the Securities and Exchange Commission.
Complete Mailing Address of Principal Office	:	25/F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Pasig City, 1605
Approximate date on which copies of the Information Statement are first to be sent or given to security holders	:	June 24, 2024

The report attached as Annex “B” to this SEC Form 20- IS (Preliminary Information Statement) is the management report to shareholders required under SRC Rule 20 to accompany the SEC Form 20-IS.

Pursuant to Section 2 of Article II of the By-Laws of the Corporation, the Board of Directors (“Board”) of the Corporation on June 05, 2024 approved the conduct of the Special Shareholders Meeting on July 15, 2024 at 1:30 p.m. via Microsoft Teams Live at bit.ly/2024SS_RCR in accordance with the rules of the Securities and Exchange Commission. The record date for the determination of shareholders entitled to notice and vote at the meeting is June 21, 2024.

WE ARE NOT SOLICITING PROXIES.

Item 2. Rights of Shareholders; Dissenters’ Right of Appraisal

The Corporation recognizes the right of all shareholders to be treated fairly and equally whether they are controlling, minority, local or foreign. The Corporation respects the rights of shareholders as provided under the Revised Corporation Code and other laws, and as stated in its Articles of Incorporation and By-Laws. The Corporation recognizes the right of shareholders to dissent and demand payment of the fair value of his shares as provided for under Title X, Section 80 of the Revised Corporation Code or otherwise known as the shareholder’s right of appraisal.

Any shareholder of the Corporation may exercise his appraisal right in case of the following instances, as provided for under Section 80, such as:

- a) In case of amendment to the articles of incorporation has the effect of changing or restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of assets as provided in the Code;
- c) In case of merger or consolidation; and
- d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

A shareholder who wishes to exercise the right of appraisal may do so by voting against the proposed action and making a written demand on the corporation for the payment of the fair value of shares held

within the period provided for under Title X, Section 81 of the Code. Failure to do so shall be deemed a waiver of the shareholder's appraisal right.

To date, there are no matters to be acted upon by the shareholders at the Special Shareholders Meeting to be held on July 15, 2025 which would require the exercise of the appraisal right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be acted upon

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
2. Nominees for election as directors of the Corporation;
3. Associate of any of the foregoing persons.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting securities entitled to be voted at the meeting

The Corporation has 10,726,804,330 outstanding shares as of May 31, 2024. Every shareholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) Record date

All shareholders of record as of June 21, 2024 are entitled to notice and to vote at the Corporation's Special Shareholders Meeting. Article II, Section 9 of the By-Laws of the Corporation states that for purposes of determining the shareholders entitled to notice of, or to vote or be voted at any meeting of shareholders or any adjournments thereof, or entitled to receive payment of any dividends or other distribution or allotment of any rights, or for the purpose of any other lawful action, or for making any other proper determination of shareholders, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall be at least twenty (20) workings days immediately preceding the scheduled date of an Annual Shareholders Meeting and at least seven (7) workings days immediately preceding the scheduled date of a Special Shareholders Meeting. A determination of shareholders of record entitled to notice of or to vote or be voted at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(c) Shareholder Information

The number of shareholders of record as of May 31, 2024 is 27. Common shares outstanding as of May 31, 2024 are 10,726,804,330 shares with a par value of P1.00 per share.

1. List of the Top 20 Shareholders of the Corporation as of May 31, 2024:

Name Of Shareholder	Number Of Shares Held	% of Total Outstanding
1. Robinsons Land Corporation	5,368,396,706	50.05%
2. PCD Nominee Corporation (FIL)	5,087,161,393	47.42%
3. PCD Nominee Corporation (NF)	267,668,017	2.50%
4. Grand 168 Corporation	900,000	0.00%

5. Manuel I. Gutierrez or Martina Maria Elizabeth Y. Gutierrez	527,000	0.00%
6. Lester Ang Lao	500,000	0.00%
7. James Esteves Takano	440,000	0.00%
8. Moises Dominic Carandang	265,500	0.00%
9. Jose Anmer Paredes Jaimes	265,500	0.00%
10. Dean Ang Lao Jr. or Lester Ang Lao	200,000	0.00%
11. Xiao Ren	200,000	0.00%
12. Araceli Zimmerman Lorayes	199,000	0.00%
13. Myra P. Villanueva	30,000	0.00%
16. Mercedes Del Rosario or Miguel Carlos Del Rosario or Paolo Jose Del Rosario	10,000	0.00%
17. Eugene Del Rosario	10,000	0.00%
15. Milagros P. Villanueva	10,000	0.00%
14. Mark Louie De Santos Apao	10,000	0.00%
18. Myrna P. Villanueva	5,000	0.00%
19. Marietta V. Cabreza	2,500	0.00%
20. Juan Carlos V. Cabreza	2,500	0.00%

(d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of May 31, 2024:

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	No. of shares held	% to total outstanding
Common	Robinsons Land Corporation Level 2 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City (shareholder)	same as record owner (see note 1)	Filipino	5,368,396,706 (see note 3)	50.05%
Common	PCD Nominee Corporation (Filipino) 37/F The Enterprise Center Tower 1 Cor. Paseo de Roxas, Ayala Avenue Makati City (shareholder)	PCD Participants and their clients (see note 2)	Filipino	5,087,161,393 (see note 3)	47.42%

Notes:

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

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

Note 3: Out of the PCD Nominee Corporation account, "BPI Securities Corporation", "Citibank N.A." and "BDO Securities Corporation" holds for various trust accounts the following shares of the Corporation as of March 25, 2024:

	No. of shares held	% to total outstanding
BPI Securities Corporation	6,593,503,262	61.47%
Citibank N.A.	1,171,128,444	10.92%
BDO Securities Corporation	187,246,272	1.75%

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

2. Security Ownership of Management as of May 31, 2024:

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership	Citizenship	% to Total Outstanding
A. Executive Officers (see Note 1)					
Common	Faraday D. Go	Director and Chairman	100*	Filipino	*
Common	Jericho P. Go	Director, President and Chief Executive Officer	2	Filipino	*
Common	Kerwin Max S. Tan	Director and Treasurer	4	Filipino	*
<i>Sub-Total</i>			106		*
B. Other directors, executive officers and nominees					
Common	Lance Y. Gokongwei	Director	2	Filipino	*
Common	Wilfredo A. Paras	Director (Independent)	2	Filipino	*
Common	Cesar Luis F. Bate	Director (Independent)	2	Filipino	*
Common	Artemio V. Panganiban	Director (Independent)	470,002*	Filipino	*
<i>Sub-Total</i>			470,008		*
C. All directors and executive officers & nominees as a group unnamed			470,114		0.00%

*100 shares of Faraday D. Go and 470,000 shares of Artemio V. Panganiban are held through PCD Nominee.

Notes:

Note 1: As defined under Part IV (B)(1)(b) of SRC Rule 12, the “named executive officers” to be listed refer to the Chief Executive Officer and the five (5) most highly compensated executive officers as of May 31, 2024.

*Note *:* Less than 0.01%

3. Shares owned by Foreigners

The total number of shares owned by foreigners as of May 31, 2024 is 267,868,017.

4. Voting Trust Holder of 5% or more – as of May 31, 2024

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

5. Changes in Control

There has been no change in the control of the Corporation since the beginning of its last fiscal year.

6. Outstanding Shares and Market Price

The Corporation has 10,726,804,330 total outstanding common shares with a par value of P1.00 per share. All shares of the Corporation are listed in the Philippine Stock Exchange. The market price of the Corporation’s common equity as of May 31, 2024 are as follows:

High	Low	Closing
P5.08	P4.99	P5.00

There are no restrictions that limits the payment of dividends on common shares

Item 5. Directors and Executive Officers

(a) Directors and Corporate Officers

As of May 31, 2024, the following are the Directors and Corporate Officers of the Corporation.

Faraday D. Go, 48, is the Chairman of RL Commercial REIT, Inc. (“RCR”). He is also the Chairman, President, and Chief Executive Officer of Altus Property Ventures, Inc. He also serves as the Executive Vice President of Robinsons Land Corporation (“RLC”) effective June 1, 2018. Prior to joining RLC, he was the Vice President of the Retail Management and Corporate Sales Division of Digitel Mobile Philippines, Inc. He has over fifteen years’ experience in the following businesses: Apo Cement, JG Summit Petrochemical Corporation and Digitel Mobile Philippines, Inc. He received a Bachelor of Science degree in Management (Minor in Finance) from the Ateneo de Manila University in 1998.

Jericho P. Go, 52, is the President and Chief Executive Officer of RL Commercial REIT, Inc. He also serves as the Senior Vice President and Business Unit General Manager of Robinsons Offices in Robinsons Land Corporation. He is concurrently the President and Chief Executive Officer of Robinsons DoubleDragon Corp. and the Chairman and President of Robinsons Equitable Tower Condominium Corporation, Robinsons Summit Center Condominium Corporation and Galleria Corporate Center Condominium Corporation. He has over 30 years of experience in the field of real estate and was responsible for filing and registering the Philippines’ very first IT park with the Philippine Economic Zone Authority (PEZA) in 1997. He received a Bachelor of Arts degree in Development Studies from the University of the Philippines and graduated Magna Cum Laude and Class Salutatorian in 1993.

Kerwin Max S. Tan, 54, is a director as well as the Treasurer of RL Commercial REIT, Inc. He is also the Chief Financial (CFO), Chief Risk and Chief Compliance Officer of Robinsons Land Corporation (RLC) and Altus Property Ventures, Inc. He is the Treasurer and CFO of Robinsons DoubleDragon Corp. and Vice President and Treasurer of Robinsons Inn, Incorporated. Mr. Tan concurrently holds the position of Treasurer and/or CFO in several subsidiaries of RLC such as Bacoor R and F Land Corporation and Robinsons Land Foundation Inc, to name a few. He is the CFO of Galleria Corporate Center Condominium Corporation and Robinsons Equitable Tower Condominium Corporation. He is also the Director and Chief Financial Officer in Robinsons Summit Center Condominium Corporation. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Lance Y. Gokongwei, 57, is a Director of RL Commercial REIT, Inc. He is also the Chairman of Cebu Air, Inc., Universal Robina Corporation, Robinsons Retail Holdings, Inc., Universal Hotels and Resorts, Inc., and JG Summit Olefins Corporation. He is the President and Chief Executive Officer of JG Summit Holdings, Inc. He is a Director and Vice Chairman of the Executive Committee of Manila Electric Company, and a Director of Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and Endeavor Acquisition Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc., Robinsons Land Foundation, Inc. and Universal Cultural Foundation, Inc. He received a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Artemio V. Panganiban, 87, was appointed as an independent director of RL Commercial REIT, Inc. He is concurrently an adviser, consultant and/or independent director of several business, civic, non-government and religious groups. He also writes a regular column in the Philippine Daily Inquirer. He was elected as an independent director of Robinsons Land Corporation from 2008 to 2021. He is a retired Chief Justice of the Philippines and was concurrently Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to becoming Chief Justice, he was Justice of the Supreme Court of the Philippines (1995-2005), Chairperson of the Third Division of the Supreme Court (2004-2005), Chairperson of the House of Representatives Electoral Tribunal (2004-2005), Consultant of the Judicial and Bar Council (2004- 2005) and Chairperson of eight Supreme Court Committees (1998-2005). He authored fourteen (14) books. Retired Chief Justice Panganiban obtained his Bachelor of Laws degree, cum laude, from the Far Eastern University and placed 6th in the 1960 bar examination. He was conferred the title Doctor of Laws (Honoris Causa) by the University of Iloilo in 1997, the Far Eastern University in 2002, the University of Cebu in 2006, the Angeles University in 2006, and the Bulacan State University in 2006.

Wilfredo A. Paras, 77, was appointed as independent director of RL Commercial REIT, Inc. He also serves as an independent director in Philex Mining Corporation from 2011 to present and in GT Capital Holdings, Inc. from 2015 to 2022. He is also Adviser to the Board of Trustees of Dualtech Technical Training Foundation Inc. from 2012 to present. From 2011 to 2016, he was also a director of Coconut Oil Mills Group. He is currently a Teaching Fellow in Institute of Corporate Directors. He has a degree of Bachelor of Science major in Industrial Pharmacy from the University of the Philippines – Diliman in 1969 and obtained a Master's Degree in Business Administration from De la Salle University in 2001.

Cesar Luis F. Bate, 63, was appointed as an independent director of RL Commercial REIT, Inc. He is currently the Managing Director of LMN Advisors/Partners, Inc. and the President of Celisons Property, Inc. In 2007 to 2016. On November 2021 – Present, he served as Independent Director of ten (10) Sun Life Prosperity Funds namely: Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity

World Voyager Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., and Sun Life Prosperity World Equity Index Feeder Fund, Inc. He was also served as a Board of Trustee in Jose Rizal College and Metropolitan Museum of Manila from June 2013 – Present. He obtained his Bachelor of Science with a major in Management Engineering from the Ateneo de Manila University in 1983.

Matias G. Raymundo, Jr., 39, is the Chief Financial, Risk, and Compliance Officer of RL Commercial REIT, Inc. Presently, he is the Asst. Vice President for Financial Planning & Analysis of Robinsons Land Corporation. He was part of the Robinsons Hotels and Resorts Group of Robinsons Land Corporation as Manager-Revenue Management from 2010-2016, Manager-Revenue and Risk Management from 2017 to 2018, and Officer-in-Charge for Corporate Affairs from 2018 to 2019. He obtained his Bachelor of Science in Commerce, major in Management Accounting from the Central Philippine University in 2005.

Dennis R. Llarena, 49, the Data Privacy Officer of RL Commercial REIT, Inc. He is also the DPO of RLC and the Management Services Director of its Residential Division. Currently, he is the Real Estate Sector Lead Representative to the Data Privacy Council of the National Privacy Commission. Prior to joining RLC in 2015, he was the Vice President - Finance of Amalgamated Specialties Corporation. He joined SGV & Co. Business Assurance practice after placing 19th in the 1997 Certified Public Accountant Licensure Exam.

Atty. Juan Antonio M. Evangelista, 53, is the Corporate Secretary of the Corporation. He is also the Corporate Secretary of Robinsons Land Corporation. He also handles various corporate secretarial functions of a number of companies within the Group. He obtained his Bachelor of Laws degree from Xavier University -Ateneo de Cagayan in 1998. He was admitted to the Philippine Bar in 1999.

Atty. Iris Fatima V. Cero, 37, the Assistant Corporate Secretary of the Corporation. Atty. Cero is concurrently Legal Counsel and Assistant Corporate Secretary of Robinsons Land Corporation and Altus Property Ventures, Inc. In 2007, she obtained her degree in Bachelor of Arts in Broadcast Communication in Polytechnic University of the Philippines and earned her Bachelor of Laws from San Beda University - College of Law in 2014. She was admitted to the Philippine Bar in 2016.

There are no Directors who resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the registrants on any matter relating to the registrant's operations, policies or practices.

No matter shall be taken up during the Special Shareholders Meeting in relation to the directors and executive officers.

Item 6. Compensation of Directors and Executive Officers

All matters pertaining to the compensation of Directors and Executive Officers of the Corporation is part of the Definitive Information Statement for the Corporation's Annual Shareholders Meeting held on May 6, 2024. No matter shall be taken up during the Special Shareholders Meeting in relation to the directors and executive officers.

Item 7. Independent Public Accountants

The Corporation's independent public accountant is the audit firm of SyCip Gorres Velayo & Co. (SGV & Co.)

The current handling partner of SGV & Co. has been engaged by RL Commercial REIT, Inc. as of the fiscal year 2021 and is expected to be rotated every seven (7) years in accordance with SRC Rule 68, as amended.

All matters pertaining to the Corporation's External Auditor is part of the Definitive Information Statement for the Corporation's Annual Shareholders Meeting held on May 6, 2024. No matter shall be taken up during the Special Shareholders Meeting in relation to the directors and executive officers.

Item 8. Compensation Plans – Stock Options, Warrants or Rights Plan - None.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise Than For Exchange

(a) Amount of Securities to be Authorized of Issued

For approval of the shareholders of the Corporation is the property-for-share swap transaction between Robinsons Land Corporation ("RLC") and RL Commercial REIT, Inc. (the "Transaction").

The Transaction is comprised of eleven (11) malls totaling 278,526 square meters ("sqm.") of leasable space, namely, Robinsons Novaliches, Robinsons Cainta, Robinsons Luisita, Robinsons Cabanatuan, Robinsons Lipa, Robinsons Sta. Rosa, Robinsons Imus, Robinsons Los Baños, Robinsons Palawan, Robinsons Ormoc and Cybergate Davao, as well as two (2) office assets totaling 68,803 sqm. of leasable space, namely, Giga Tower in the Bridgetowne Destination Estate, Quezon City, and Cybergate Delta 2 in Davao City.

RLC will subscribe to 4,987,641,178 primary common shares of RCR ("Shares") at a price of ₱6.80 per share, equivalent to a total valuation of Thirty-Three Billion Nine Hundred Fifteen Million Nine Hundred Sixty Thousand Pesos (₱33,915,960,000.00), as supported by a Securities and Exchange ("SEC") and Philippine Stock Exchange ("PSE") accredited appraiser and a third-party fairness opinion.

The Transaction has been approved by the Board of RL Fund Management, Inc. as well as the Related Party Transactions Committee of RCR.

(b) Description of the Registrant's Securities

RCR has an authorized capital stock of Php39,795,988,732.00 divided into 39,795,988,732 common shares at a par value of Php1.00 per share. Based on RCR's list of shareholders of May 21, 2024, RCR has a total of 10,726,804,330 issued and outstanding common shares.

Further, based on Article VII of RCR's Amended Articles of Incorporation dated August 2, 2021, holders of common shares are not entitled to any pre-emptive right to purchase or subscribe to any shares of RCR, whether issued from the unissued capital or increase in authorized capital stock.

The RCR's common shares to be exchanged for RLC assets will be issued from the unissued capital stock of RCR subject to the approval of the SEC. The value of RCR shares to be exchanged at ₱6.80 per share is set at a premium over RCR's 30-day Volume Weighted Average Price (VWAP) as of June 4, 2024.

(c) Nature and approximate amount of consideration received or to be received by the Corporation and amounts devoted to each purpose

The Corporation and Robinsons Land Corporation will execute a property-for-share swap transaction whereby the Corporation shall issue Shares in exchange for the following identified properties (as illustrated in Table 1 below) equivalent to a total valuation of Php33,915,960,000.00, at a price of ₱6.80

per share set at a premium over RCR’s 30-day Volume Weighted Average Price (VWAP) as of June 4, 2024.

Table 1- Properties Subject of Property-for-share Swap (“Properties”)

	Name	Asset Type	GLA (in sqm)	Appraised Value (in Php)	Equivalent Number of Shares
1	Robinsons Luisita	Mall	15,779.54	1,316,530,000.00	193,607,353
2	Robinsons Sta. Rosa	Mall	26,931.76	1,879,330,000.00	276,372,059
3	Giga Tower	Office	53,398.15	6,357,560,000.00	934,935,294
4	Cybergate Davao	Mall	10,841.09	727,910,000.00	107,045,588
5	Robinsons Imus	Mall	37,376.22	3,357,580,000.00	493,761,765
6	Robinsons Los Baños	Mall	5,317.39	603,870,000.00	88,804,412
7	Robinsons Lipa	Mall	43,692.11	5,671,430,000.00	834,033,824
8	Robinsons Cabanatuan	Mall	15,811.00	884,570,000.00	130,083,824
9	Cybergate Delta 2	Office	15,404.63	1,318,490,000	193,895,588
10	Robinsons Palawan	Mall	26,752.57	2,924,310,000.00	430,045,588
11	Robinsons Novaliches	Mall	53,859.62	5,299,420,000.00	779,326,471
12	Robinsons Cainta	Mall	19,390.17	1,476,400,000.00	217,117,647
13	Robinsons Ormoc	Mall	22,774.56	2,098,560,000.00	308,611,765
Total			347,328.81	33,915,960,000.00	4,987,641,178

The exchange of the Shares for the Properties will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended by Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act or, which provides that:

“Section 40. Determination of Amount and Recognition of Gain or Loss –

(C) Exchange of Property - * * *

(2) Exception. - * * *

No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation:

Provided, that stocks issued for services shall not be considered as issued in return for property.

The property appraisal was conducted by Asian Appraisal Company, Inc. (“AACI”) to perform property valuation. The fairness opinion was issued by FTI Consulting Philippines, Inc. (“FTI”) to render a fairness opinion on the Transaction. The appraisal reports and fairness opinion are attached as **Annexes C and D**, respectively.

The range of fair values indicated in the fairness opinion issued by FTI are as follows:

Table 2- FTI's Range of Fair Values for RLC's Properties

*The Direct Capitalization Method was not applied to Robinsons Cainta as the property's existing land lease contract has no automatic renewal provision and there is no certainty the third-party lessor will agree to a renewal of the lease contract upon expiration.

Properties	Discounted Cash Flow Method		Direct Capitalization Method		Range of Market Values	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
In PHP Millions						
Robinsons Luisita	927.45	1,432.45	931.54	1,062.08	927.45	1,432.45
Robinsons Sta. Rosa	1,664.67	2,300.18	1,594.17	1,771.17	1,594.17	2,300.18
Cybergate Davao	597.54	793.12	552.63	609.12	552.63	793.12
Robinsons Imus	2,658.53	4,472.94	2,612.15	3,231.97	2,612.15	4,472.94
Robinsons Los Baños	327.84	616.28	322.52	439.45	322.52	616.28
Robinsons Lipa	4,465.61	6,471.53	4,334.13	4,899.87	4,334.13	6,471.53
Robinsons Cabanatuan	803.27	977.70	761.62	761.62	761.62	977.70
Robinsons Palawan	2,321.42	3,743.49	2,217.39	2,672.42	2,217.39	3,743.49
Robinsons Novaliches	4,160.69	6,343.61	3,966.73	4,719.62	3,966.73	6,343.61
Robinsons Cainta*	1,231.08	1,906.38	n.a.	n.a.	1,231.08	1,906.38
Robinsons Ormoc	1,574.11	2,554.03	1,526.94	1,832.72	1,526.04	2,554.03
Giga Tower	6,332.60	7,711.74	6,956.41	7,142.00	6,332.60	7,711.74
Cybergate Delta 2	1,302.99	1,559.92	1,437.62	1,455.84	1,302.99	1,559.92
TOTAL RANGE OF MARKET VALUE					27,682.39	40,883.39

Table 3- FTI's Consulting Range of Fair Values for RCR's Shares

RCR Valuation	Equity Value		Value per Share	
	Low Estimate	High Estimate	Low Estimate	High Estimate
In PHP millions, except for the per share values				
Discounted Cash Flows	56,852.41	73,241.99	5.30	6.83
Cross-checks:				
Volume Weighted Average Price Method	53,723.49	56,032.70	5.01	5.22
Comparable Public Companies Method				
Enterprise Value/LTM EBITDA	48,005.36	62,590.31	4.48	5.83
Enterprise/LTM EBIT	50,216.54	62,591.48	4.68	5.84
RANGE OF MARKET VALUES	56,852.41	73,241.99	5.30	6.83

Table 4 Comparison of the Fair Range of RCR Shares to be issued and the Proposed Number of Shares to be issued by RCR

Properties	Range of Market Values		RCR (PHP/share)		Fair Number of Shares to be issued		RCR Shares to be issued
	Low Est.	High Est.	Low Est.	High Est.	Low Est.	High Est.	
In PHP Millions							
Robinsons Luisita	927.45	1,432.45	5.30	6.83	135.83	270.27	193.61
Robinsons Sta. Rosa	1,664.67	2,300.18	5.30	6.83	233.48	433.99	276.37
Cybergate Davao	597.54	793.12	5.30	6.83	80.94	149.64	107.05
Robinsons Imus	2,658.53	4,472.94	5.30	6.83	382.57	843.95	493.76
Robinsons Los Baños	327.84	616.28	5.30	6.83	47.23	116.28	88.80
Robinsons Lipa	4,465.61	6,471.53	5.30	6.83	634.76	1,221.04	834.03
Robinsons Cabanatuan	803.27	977.70	5.30	6.83	111.55	184.47	130.08
Robinsons Palawan	2,321.42	3,743.49	5.30	6.83	324.75	706.32	430.05
Robinsons Novaliches	4,160.69	6,343.61	5.30	6.83	580.95	1,196.90	779.33
Robinsons Cainta	1,231.08	1,906.38	5.30	6.83	180.30	359.69	217.12
Robinsons Ormoc	1,574.11	2,554.03	5.30	6.83	223.63	481.89	308.61
Giga Tower	6,332.60	7,711.74	5.30	6.83	927.45	1,455.04	934.94
Cybergate Delta 2	1,302.99	1,559.92	5.30	6.83	190.83	294.32	193.90
TOTAL	27,682.39	40,883.30			4,054.28	7,713.80	4,987.64

The matter was approved by the Related Party Transactions Committee of the Corporation (composed of Cesar Luis F. Bate, Artemio V. Panganiban and Wilfredo A. Paras) and approved by the Board of Directors of the Corporation by unanimous vote on June 5, 2024.

The Corporation will apply for the listing of new shares issued to Robinsons Land Corporation upon approval of all regulatory agencies and relevant exchange. The issuance of shares will be submitted for

approval of shareholders. A copy of the Comprehensive Corporate Disclosure is available in the Corporation's website and PSE Edge.

(d) If the securities are to be issued other than in a public offering for cash, state reasons for the proposed authorization or issuance and the general effect upon the rights of existing shareholders

Not applicable.

(e) Valuation

The property appraisal was conducted by AACI while the fairness opinion was issued by FTI.

The Corporation and all the parties to the Transaction have no special instruction or imposed no limitation to AACI and FTI that will compromise the independence of AACI and FTI that will invalidate the appraisal and fairness opinion.

AACI is a diversified professional service company serving corporate, governmental, commercial, and other institutional clients. AACI and its affiliates stand today as the largest professional valuation organization operating throughout the Asia-Pacific Region. AACI provides valuation services for corporate and individual requirements for the purposes of an initial public offering, sales, mergers and acquisitions, joint ventures, financing, accounting, insurance, rate increase application at the Energy Regulatory Board, just compensation for expropriation proceedings, audit of completed/ work-in-progress of projects, and others. AACI is accredited by both the SEC and PSE to perform the property valuation.

FTI is an independent firm accredited by the PSE for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission as a Professional Services Organization in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

The Discounted Cashflows ("DCF") Method was used by AACI as the primary method to estimate the fair value of the Properties. Under the DCF Method, the discount rate used is the weighted average cost of capital ("WACC") using industry average and market risks as of valuation date. The Cost Approach was used by AACI as secondary method to cross-check the fair value of the Properties.

FTI, on the other hand, valued the Properties using the DCF Method and Direct Capitalization Method and valued RCR using the DCF Method with the VWAP Method and Comparable Public Companies Method as secondary methods to cross-check the values.

Item 10. Modification/Exchange of Securities - None

Item 11. Financial & Other Information - None

Item 12. Merger, Consolidation, Acquisition & Similar Matters - None.

Item 13. Acquisition / Disposition of Property

Background of the Transaction

The Board of Directors of RCR on its meeting held last June 05, 2024, approved the property-for-share swap transaction with its Sponsor, RLC, for the infusion of thirteen (13) assets, specifically malls and office buildings in exchange for 4,987,641,178 RCR common shares subject to the approval of the Securities and Exchange Commission.

The Properties to be infused include eleven (11) malls and two (2) office buildings which will be exchanged for 4,987,641,178 common shares of RCR (the “Shares”) for a total transaction value of Php33,915,960,000.00. Appraisal reports on the Properties were prepared by AACI. Further, the valuation is supported by a third-party fairness opinion issued by FTI.

Table 5– Properties Subject of Property-For-Share Swap

	Name	Asset Type	Gross Leasable Area (sqm.)	Appraised Value (in PhP)
1	Robinsons Luisita	Mall	15,779.54	1,316,530,000.00
2	Robinsons Sta. Rosa	Mall	26,931.76	1,879,330,000.00
3	Giga Tower	Office	53,398.15	6,357,560,000.00
4	Cybergate Davao	Mall	10,841.09	727,910,000.00
5	Robinsons Imus	Mall	37,376.22	3,357,580,000.00
6	Robinsons Los Baños	Mall	5,317.39	603,870,000.00
7	Robinsons Lipa	Mall	43,692.11	5,671,430,000.00
8	Robinsons Cabanatuan	Mall	15,811.00	884,570,000.00
9	Cybergate Delta 2	Office	15,404.63	1,318,490,000
10	Robinsons Palawan	Mall	26,752.57	2,924,310,000.00
11	Robinsons Novaliches	Mall	53,859.62	5,299,420,000.00
12	Robinsons Cainta	Mall	19,390.17	1,476,400,000.00
13	Robinsons Ormoc	Mall	22,774.56	2,098,560,000.00
		TOTAL	347,328.81	33,915,960,000.00

The Properties have a total gross leasable area of 347,328.81 square meters. The Properties have high occupancy rates which are consistent with the set investment criteria of RCR. The Properties also include a diversified tenant base which will contribute to its stable occupancy rates.

The Transaction has been approved by the Board of Directors of RL Fund Management Inc., the Fund Manager of RCR, and the Related Party Transactions Committee of RCR. The Transaction is subject to the approval of the shareholders of RCR in a special meeting duly called for the purpose to be held on July 15, 2024.

Furthermore, the Transaction will be subject to the approval of pertinent regulatory bodies, such as The Philippine Stock Exchange, Inc. (“PSE”) and the SEC.

With the additional shares to be issued to its Sponsor, RLC, the public ownership of RCR will be 34.10% of the total shares of RCR¹ once the Transaction has closed.

Description of the proposed transaction

The Transaction is a property-for-share swap between RCR and its Sponsor, RLC, which will be executed through a Deed of Assignment for the infusion of the Properties in exchange for the Shares, subject to the approval of the SEC. Appraisal reports were prepared by AACI. The valuation is supported by a third-party fairness opinion issued by FTI.

¹ As of May 31, 2024

The Shares to be issued in favor of RLC will come from the unissued shares of RCR, and thus, there will be no increase in the authorized capital stock of RCR. Furthermore, the issuance of the Shares is not subject to pre-emptive rights of shareholders pursuant to Article VII of RCR’s Articles of Incorporation, which states that:

“xxx

No stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital, increase in its authorized capital stock or its treasury stock.”

The transaction is subject to the approval of the shareholders of RCR in a special meeting duly called for the purpose to be held on July 15, 2024.

The exchange of the Shares for the Properties will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended by Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act or, which provides that:

“Section 40. Determination of Amount and Recognition of Gain or Loss –

(C) Exchange of Property - * * *

(2) Exception. - * * *

No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: Provided, That stocks issued for services shall not be considered as issued in return for property.”

RCR will file an application for Confirmation of Valuation with the SEC, which is deemed to include an application for confirmation that the Shares to be issued in exchange for the Properties is exempt from registration requirements with the SEC, pursuant to Section 10.1.5.3 of the Implementing Rules and Regulations of the Securities Regulation Code.

RCR, together with RLC, filed with the Philippine Competition Commission (“PCC”) a Letter of Non-Coverage from compulsory notification being classified as internal restructuring covered by PCC Clarificatory Note No. 16-002.

RCR will secure from the Bureau of Internal Revenue (“BIR”) the Certificate Authorizing Registration (“CAR”) confirming that the transfer of the Properties and the issuance of the Shares is a tax-free exchange. RCR will likewise secure with the respective local governments the transfer of ownership over the Properties to its name.

RCR will file with the PSE an application for the additional listing of the Shares. The Shares will be exchanged at an exchange price of Php6.80 per share which is set at a premium over RCR’s 30-day Volume Weighted Average Price (VWAP) of as of June 4, 2024. Since the Shares will be issued at a premium over VWAP, the Transaction will fall under one of the exceptions to the rights or public offering requirement provided under Section 3, Part A, Article V of the Consolidated Listing and Disclosure Rules of PSE. The Transaction will close upon the listing of the Shares with PSE.

Below is the indicative timetable for the implementation of the Transaction:

Table 6 – Indicative Timetable

Description	Period
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Special Shareholders Meeting	July 15, 2024
Execution of Deed of Assignment	July 2024
SEC Approval and Confirmation of Valuation	Q3 2024
BIR CAR Issuance	Q4 2024
PSE Listing of Additional Shares	Q4 2024

Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

Revenues shall accrue to RCR starting on April 1, 2024, subject to the approval of the shareholders and pertinent regulatory bodies, resulting to higher distributable income for its shareholders. The Properties are expected to contribute further to RCR’s cashflows, increasing its dividends per share.

With this infusion, the portfolio size of RCR will be increased from approximately 480,479 sqm to approximately 827,808 sqm or a growth of 72%.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The total transaction value of the Properties at Php33,915,960,000.00 is based on the independent property appraisal reports of AACI and supported by a third-party fairness opinion issued by FTI. It will be exchanged for the Shares at an exchange price of Php6.80 per share which is set at a premium over RCR’s 30-day Volume Weighted Average Price (VWAP) of as of June 4, 2024. The appraised value and the exchange price are within the values indicated in the fairness opinion issued by FTI.

The basis upon which the consideration or the issue value was determined

The Discounted Cashflows (DCF) Method was used by AACI as the primary method to estimate the fair value of the Properties. Under the DCF Method, the discount rate used is the weighted average cost of capital (WACC) using industry average and market risks as of valuation date. The Cost Approach was used by AACI as secondary method to cross-check the fair value of the Properties.

FTI, on the other hand, valued the Properties using the DCF Method and Direct Capitalization Method and valued RCR using the DCF Method with the VWAP Method and Comparable Public Companies Method as secondary methods to cross-check the values.

The Transaction will qualify as a tax-free exchange under Section 40(C)(2) of the Tax Code.

Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following:

Table 7 – Beneficial Owners of the Shares Subscribed

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliates
Robinsons Land Corporation	RLC is engaged in the construction and operation of lifestyle commercial centers, offices, hotels, and warehouse facilities, and the development	RLC is the Sponsor of RCR and as of May 31, 2024 owns 50.05% of RCR shares

	of mixed-use properties, residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide.	
--	---	--

Organizational/Ownership Structure of Subscribers

Table 8 – Controlling Shareholders or Subscribers of RLC

Controlling Shareholders or Subscribers	Number of Shares Held	%
J.G. Summit Holdings, Inc.	2,496,114,787	51.581769%
JG Summit Holdings, Inc.	670,692,099	13.859733%
TOTAL	3,166,806,886²	65.44%

The interest which directors of the parties to the transaction have in the proposed transaction

Except as provided below, the directors of RCR and RLC have no personal interest in the proposed transaction.

Mr. Lance Y. Gokongwei is the Chairman, President, and Chief Executive Officer of RLC and is also a Director of RCR.

Mr. Faraday D. Go is the Executive Vice President and a Business Unit General Manager of RLC and is also the Chairman of RCR.

Mr. Kerwin Max S. Tan is the Chief Financial Officer, Chief Risk Officer, and Compliance Officer of RLC and is also a Director and Treasurer of RCR.

Mr. Jericho P. Go is a Senior Vice President and a Business Unit General Manager of RLC and is also a Director and the President and Chief Executive Officer of RCR.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

RCR has three (3) independent directors who shall safeguard the interests of shareholders, including minority and independent shareholders of RCR. Further, at least two-thirds (2/3) of the Board of Directors and all three (3) independent directors of RCR approved the Transaction in compliance with the requirement under Section 7(a), Part A, Article V of the Consolidated Listing and Disclosure Rules of PSE.

Since the Shares will be issued at a premium over VWAP, the Transaction would fall under one of the exceptions to the rights or public offering requirement provided under Section 3, Part A, Article V of the Consolidated Listing and Disclosure Rules of PSE.

² As of May 08, 2024

Any conditions precedent to closing of the transaction

The transaction is subject to the approval of RCR shareholders in a meeting duly called for the purpose to be held on July 15, 2024. Thereafter, the transaction will be subject to the approval of the SEC and the securing of the CAR with the BIR. The Transaction will close upon the listing of the Shares with PSE.

Change(s) in the composition of the Board of Directors and Management

There will be no changes in the composition of the Board of Directors and the Management of RCR.

Effects on the following:

Ownership structure

Table 9 – Ownership of RCR Before and After the Transaction

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Robinsons Land Corporation	5,368,396,706 ³	50.05	10,356,037,884	65.90

Capital structure

Issued, Outstanding, Listed Shares

Table 10– Issued, Outstanding, and Listed Shares of RCR Before and After the Transaction

Type of Security/Stock Symbol	Before	After
Common Shares/ RCR	10,726,804,330	15,714,445,508

Treasury Shares

RCR does not have Treasury Shares before and will not have Treasury Shares after the Transaction.

Table 11 – Public Float and Foreign Ownership in RCR

Effect(s) on the public float, if any	Based on information as of May 31, 2024, public float level of RCR will decrease from 49.95% to 34.10%.
Effect(s) on foreign ownership level, if any	Based on information as of May 31, 2024, foreign ownership level of RCR will decrease from 2.50% to 1.70%.

Other Relevant Information

Board approval of the transaction was disclosed by RCR on June 05, 2024.

The Deed of Assignment will be disclosed to the SEC and PSE as soon as executed.

³ As of May 31, 2024

The property appraisal was conducted by AACI accredited by both the SEC and PSE to perform property valuation. The fairness opinion was issued by FTI accredited by both the SEC and PSE to render a fairness opinion on the Transaction.

Item 14. Restatement of Accounts – None.

D. OTHER MATTERS

Item 15. Action with respect to reports

The Special Shareholders Meeting will be livestreamed via Microsoft Teams Live at bit.ly/2024SS_RCR in accordance with the rules of the Securities and Exchange Commission. The following are included in the agenda of the Special Shareholders on July 15, 2024 for the approval of the shareholders:

1. Proof of notice of the meeting and existence of a quorum;
2. Approval of the property-for-share swap of Robinsons Land Corporation and RL Commercial REIT, Inc.;
3. Consideration of such other matters as may properly come during the meeting; and
4. Adjournment.

Items 16. Matters not required to be submitted. None.

Item 17. Amendment of Charter, By-Laws or Other Documents. None.

Item 18. Other Proposed Action. None.

Item 19. Voting Procedures.

(a) The vote required for approval or election:

Pursuant to Article II, Section 5 of the By-Laws of the Corporation, no shareholders meeting shall be transacted unless a quorum is present at the time when the meeting is called to order. Shareholders holding a majority of the outstanding capital stock of the Corporation, who are present in person or represented by proxy, shall constitute a quorum at any meeting of shareholders of the Corporation. If no quorum is present within an hour of the time appointed for such meeting, the meeting shall be adjourned until the requisite number of shareholders shall be present.

(b) The method by which votes will be counted:

Article II Section 7 of the By-Laws provides that at each meeting of the shareholders, every shareholder, in person or by proxy, shall be entitled to vote the number of shares registered in his name which has voting rights upon the matter in question.

Article II Section 8 of the By-Laws also provides that shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to and received by the Corporate Secretary for inspection and recording not later than seven (7) business days before the time set for the meeting. No proxy bearing a signature which is not legally acknowledged by the Corporate Secretary shall be honored at the meetings. Proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the shareholder appears in person.

Pursuant to Article III, Section 2 of the By-Laws, the directors of the Corporation shall be elected by plurality vote at the annual meeting of the shareholders for that year at which a quorum is present. At each election for directors, every shareholder shall have the right to vote, in person or by proxy, the

number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

Sections 23 and 57 of the Revised Corporation Code provides that the Corporation may allow a shareholder to cast his vote *in absentia* via modes which the Corporation shall establish, taking into account the Corporation's scale, number of shareholders or members, structure and other factors consistent with the basic right of corporate suffrage.

The Secretary shall record all the votes and proceedings of the shareholders and of the Directors in a book kept for that purpose.

Item 20. Participation of Shareholders by Remote Communication

The livestream of the meeting shall be viewable at the following web address: bit.ly/2024SS_RCR

In order for the Corporation to properly conduct validation procedures, shareholders who have not sent their proxies or voted *in absentia* who wish to participate via remote communication must notify the Corporation by email to antonio.evangelista@rlcommercialreit.com.ph on or before July 04, 2024.

Please refer to Annex "A" for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes *in absentia*.

Discussion on compliance with leading practices on corporate governance

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Revised Corporate Governance Manual, Code of Business Conduct and related SEC Circulars.

SEC Memorandum Circular No.15, Series of 2017 mandates all listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) on May 30 of the following year for every year that the Company remains listed.

PSE Memorandum CN No. 2017-0079 provides that I-ACGR effectively supersedes the SEC's Annual Corporate Governance Report and the PSE's Corporate Governance Disclosure Report. Copy of the Revised Corporate Governance Manual may viewed and downloaded www.rlcommercialreit.com.ph/

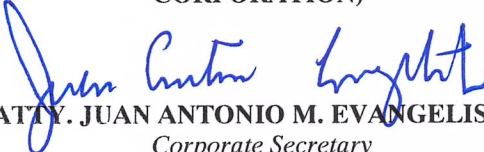
(Signature page follows)

RL COMMERCIAL REIT, INC., AS REGISTRANT, WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE REGISTRANT'S ANNUAL REPORT ON SEC FORM 17-A. SUCH WRITTEN REQUESTS SHOULD BE DIRECTED TO THE CORPORATE SECRETARY, 12/F ROBINSONS CYBERSCAPE ALPHA, SAPPHIRE AND GARNET ROADS, ORTIGAS CENTER, PASIG CITY, METRO MANILA, PHILIPPINES.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge, I certify that the information set out in this report is true, complete and correct. This report is signed in the City of Pasig on June 20, 2024

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


ATTY. JUAN ANTONIO M. EVANGELISTA
Corporate Secretary

**SPECIAL SHAREHOLDERS MEETING
OF
RL COMMERCIAL REIT, INC.**

**REGISTRATION AND PROCEDURE FOR VOTING *IN ABSENTIA* AND PARTICIPATION
VIA REMOTE COMMUNICATION**

I. VOTING *IN ABSENTIA*

RL Commercial REIT, Inc. (the "Corporation") has established a procedure for the registration of and voting *in absentia* by shareholders at the Special Shareholders Meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code.

1. Shareholders as of June 21, 2024 (the "Shareholder/s") may register by sending an email to antonio.evangelista@rlcommercialreit.com with the following supporting documents:
 - a. For individual Shareholders:
 - i. Government-issued identification (ID) of the Shareholder;
 - ii. For Shareholders with joint accounts: A scanned copy of an authorization letter signed by all Shareholders, identifying who among them is authorized to cast the vote for the account; and
 - iii. If holding shares through a broker, the certification from the broker stating the name of the beneficial owner and the number of shares owned by such Shareholder.
 - b. For corporate Shareholders:
 - i. Secretary's Certificate authorizing the designated representative to vote the shares owned by the corporate Shareholder;
 - ii. Government-issued identification (ID) of the designated representative; and
 - iii. If holding shares through a broker, certification from the broker stating the name of the beneficial owner and the number of shares owned by such Shareholder.

Registration shall be open from June 21, 2024 to July 04, 2024

2. Registration shall be validated by the Office of the Corporate Secretary in coordination with the Stock Transfer Agent of the Corporation. Once the Shareholder has been successfully validated, the Shareholder shall be officially registered for the Special Shareholders Meeting and a digital ballot shall be generated for the Shareholder which shall be sent to the email address used by the Shareholder for registration.
3. The registered Shareholder may then proceed to fill out the ballot with the votes. All items in the agenda for approval shall be shown one at a time and the registered Shareholder may vote Yes, No, or Abstain. The vote is considered cast for all the registered Shareholder's shares.
4. Once voting on all the agenda items is finished, the registered Shareholder is encouraged to review the votes before submitting the ballot. The Shareholder can then proceed to submit the accomplished ballot by clicking the 'Submit' button. A summary of the votes cast shall be sent to the email address of the registered Shareholder. Once the ballot has been submitted, votes may no longer be changed. Multiple submissions of the digital ballot under the same shareholder for the same shares shall be invalidated.
5. Voting *in absentia* shall be open from June 21, 2024 to July 04, 2024.

6. The Office of the Corporate Secretary shall tabulate all votes cast *in absentia* together with the votes cast by proxy, and an independent third party will validate the results.
7. Shareholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting *in absentia* for the Special Shareholders Meeting and for all other purposes for which the Shareholder can cast his/her/its vote as a shareholder of the Corporation.

II. PARTICIPATION VIA REMOTE COMMUNICATION

1. Shareholders may attend the meeting on July 15, 2024 at 1:30 P.M. via Microsoft Teams Live at bit.ly/2024SS_RCR. The meeting shall be broadcast live via Microsoft Teams, which may be accessed either on the web browser or on the Microsoft Teams app. Those who wish to view the broadcast may sign in using any Microsoft account or may join the stream anonymously.
2. Shareholders who have not sent their proxies or registered and voted *in absentia* ("Unregistered Shareholders") may still attend the meeting through the broadcast link. In order to be counted for the determination of quorum, Unregistered Shareholders are requested to notify the Corporation by e-mail to antonio.evangelista@rlcommercialreit.com.ph on or before July 04, 2024 of their intention to participate in the meeting by remote communication.

For validation purposes, the notification email from the Shareholder shall contain the following:

- a. Government-issued identification (ID) of the shareholder; and
 - b. If holding shares through a broker, certification from the broker stating the name of the beneficial owner and the number of shares owned by such shareholder.
3. For purposes of quorum, only the following Shareholders shall be counted as present:
 - a. Shareholders who have registered and voted *in absentia* before the cutoff date;
 - b. Shareholders who have sent their proxies before the deadline; and
 - c. Shareholders who have notified the Corporation of their intention to participate in the meeting by remote communication before the deadline.
 4. Questions and comments on the items in the Agenda may be sent to antonio.evangelista@rlcommercialreit.com.ph. Questions or comments received on or before July 04, 2024 may be responded to during the meeting. Any questions not answered during the meeting shall be answered via email.

RL COMMERCIAL REIT, INC.

(Formerly Robinsons Realty and Management Corporation)

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

May 7, 2024

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 March 31, 2024, submitted on May 7, 2024 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)

March 31, 2024

(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
---	---	---

Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corsec@robinsonsland.com	N/A	09988400935
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
24,724	May 6	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Matias G. Raymundo Jr.	jav.raymundo@rlcommercialre.it.com.ph	(+632) 8397-1888	N/A

CONTACT PERSON'S ADDRESS

25 th 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: **March 31, 2024**

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** **1600**

Address of principal office

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

MAY 06 2024

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		
Matias G. Raymundo Jr.		

Doc No.: 119 ;
Page No.: 25 ;
Book No.: 11 ;
Series of 2024 .



ATTY. NATAME JOYCE P. ESTACIO
Notary Public for Pasig, San Juan, and Pateros
Appointment No. 36 (2023-2024)
12F Robinsons Cyberscape Alpha Sapphire and
Garnet Roads, Ortigas, Pasig City
Roll of Attorneys No. 69249; May 31, 2017
IBP Lifetime Member Roll No. 016702, CALMANA Chapter
MCLE No. VII-006762, August 27, 2021 - April 14, 2025
PTR No. 1651117; January 04, 2024; Pasig City

EXHIBIT I

RL COMMERCIAL REIT, INC. (Formerly ROBINSONS REALTY AND MANAGEMENT CORPORATION) 1st Quarter CY 2024 PERFORMANCE

I. Results of Operations

	For the Three Months Ended		Horizontal Analysis		Vertical Analysis	
	March 31					
	2024	2023	Increase (Decrease)		2024	2023
REVENUE						
Rental income	1,170,229,699	1,187,113,559	(16,883,860)	-1%	82%	86%
Income from dues	221,183,854	224,368,660	(3,184,806)	-1%	15%	16%
Income from dues - net	14,082,585	19,696,796	(5,614,211)	-29%	1%	1%
	1,405,496,138	1,431,179,015	(25,682,876)	-2%	98%	104%
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES						
Increase in fair value of investment properties	-	-	-	-	0%	0%
Straight-line adjustments	(22,250,710)	(64,970,484)	42,719,774	66%	-2%	-5%
Lease commissions	(5,701,715)	(96,084)	(5,605,631)	-5834%	0%	0%
	(27,952,425)	(65,066,568)	37,114,142	-57%	-2%	-5%
Other income	53,410,884	11,935,533	41,475,350	347%	4%	1%
	1,430,954,597	1,378,047,980	52,906,617	4%	100%	100%
COSTS AND EXPENSES						
Direct operating costs	200,213,322	190,590,352	9,622,971	5%	14%	14%
General and administrative expenses	96,471,138	98,263,558	(1,792,420)	-2%	7%	7%
Interest expense on lease liability	2,529,165	1,765,398	763,766	43%	0%	0%
	299,213,625	290,619,308	8,594,318	3%	21%	21%
INCOME BEFORE INCOME TAX	1,131,740,972	1,087,428,672	44,312,299	4%	79%	79%
Provision for income tax	7,436,672	1,232,093	6,204,579	504%	1%	0%
NET INCOME / TOTAL COMPREHENSIVE INCOME	1,124,304,300	1,086,196,579	38,107,722	4%	79%	79%

Revenues

Total revenues for the three months ended March 31, 2024 amounted to ₱1,430.95 million, reflecting a 4% increase or ₱52.91 million versus the same period last year.

Total rental income for the three months ended March 31, 2024 amounted to ₱1,170.23 million, indicating a slight decrease of 1% or ₱16.88 million compared to the same period in 2023. A bit decrease was due to the lower occupancy rate during the year at 95% versus 97% of the same period last year.

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 ₱221.18 million for the three months ended March 31, 2024, compared to ₱224.37 million in the same period of 2023.

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 three months ended March 31, 2024, the income from dues - net amounted to ₱14.08 million, down by 29% or ₱5.61 million versus the same period of 2023. The decrease was due to the timing of payments made to Condominium Corporation for the airconditioning dues in 2023.

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 three months ended March 31, 2024, 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 ₱22.25 million and ₱5.70 million, respectively.

Other income composing of penalties on late payments, forfeitures, interest income, and others amounted to ₱53.41 million for the three months ended March 31, 2024, versus ₱11.94 million in the same period of 2023. Increase of ₱41.48 million or 347% was mainly due to the higher interest income earned on cash equivalents amounting to ₱37.18 million versus ₱6.16 million in the same period last year.

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 three months ending March 31, 2024, these costs amounted to ₱200.21 million, a 5% or ₱9.62 million higher than the same period last year. Said increase was mainly due to the contracted services caused by the higher manpower complement this year versus last year.

General and administrative (G&A) expenses, on the other hand, totaled ₱96.47 million for the three months ended March 31, 2024, a decrease of ₱1.79 million or 2% versus the same period of 2023. 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 ₱2.53 million for the three months ended March 31, 2024 compared to ₱1.77 million during the same period last year. This expense relates to the long-term land lease for Cyber Sigma.

Income before Income Tax

Income before income tax for the three months ended March 31, 2024 reached a total of ₱1,131.74 million versus ₱1,087.43 million in the same period of 2023, an increase of 4% mainly due to the aforementioned increase in other income.

Provision for income tax

Provision for income tax pertains to the final tax on interest income. For the three months ending March 31, 2024, it ended at ₱7.44 million, higher by 504% or by ₱6.20 million versus same period in 2023, 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 three months ended March 31, 2024 amounted to ₱1,124.30 million, 4% or ₱38.11 million higher than same period last year.

II. Financial Position

	March 31, 2024	December 31, 2023	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)			Increase (Decrease)	2024
ASSETS						
Current Assets						
Cash and cash equivalents	1,694,483,181	1,788,809,752	(94,326,571)	-5%	3%	3%
Receivables	417,184,763	316,562,081	100,622,682	32%	1%	0%
Other current assets	75,594,705	88,355,056	(12,760,351)	-14%	0%	0%
Total Current Assets	2,187,262,649	2,193,726,889	(6,464,240)	0%	3%	3%
Noncurrent Assets						
Investment properties	63,845,474,080	63,837,041,406	8,432,675	0%	96%	96%
Other noncurrent asset	275,204,763	267,289,420	7,915,343	3%	0%	0%
Total Noncurrent Assets	64,120,678,843	64,104,330,826	16,348,018	0%	97%	97%
	66,307,941,492	66,298,057,715	9,883,778	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts and other payables	847,211,052	917,419,714	(70,208,662)	-8%	1%	1%
Deposits and other current liabilities	504,406,654	527,465,685	(23,059,031)	-4%	1%	1%
Total Current Liabilities	1,351,617,706	1,444,885,399	(93,267,693)	-6%	2%	2%
Noncurrent Liabilities						
Lease liability	269,945,324	267,416,159	2,529,165	1%	0%	0%
Deposits and other noncurrent liabilities	886,516,881	858,972,052	27,544,830	3%	1%	1%
Total Noncurrent Liabilities	1,156,462,205	1,126,388,211	30,073,995	3%	2%	2%
Total Liabilities	2,508,079,911	2,571,273,610	(63,193,698)	-2%	4%	4%
Equity						
Capital stock	10,726,804,330	10,726,804,330	-	0%	16%	16%
Additional paid-in capital	54,125,177,627	54,125,177,627	-	0%	82%	82%
Retained earnings (Deficit)	(1,052,120,376)	(1,125,197,852)	73,077,476	-6%	-2%	-2%
Total Equity	63,799,861,581	63,726,784,105	73,077,476	0%	96%	96%
	66,307,941,492	66,298,057,715	9,883,778	0%	100%	100%

Assets

The Company's financial position as of March 31, 2024 remains solid and healthy with total assets increasing to ₱66,307.94 million from ₱66,298.06 million as of December 31, 2023.

Cash

The Company's cash ended at ₱1,694.48 million as of March 31, 2024, from ₱1,788.81 million as of December 31, 2023. The decrease of ₱94.33 million or 5% was mainly due to the cash used for the payment of dividends amounting to ₱1,051.23 million, maintenance capex of ₱19.94 million and noncurrent assets of ₱7.92 million, offset by the cash generated from operations amounting to ₱984.75 million.

Receivables

Receivables ended at ₱417.18 million as of March 31, 2024, from ₱316.56 million as of December 31, 2023. The increase was due to the decline in collection efficiency during the period.

Other current assets

Other current assets ended at ₱75.59 million as of March 31, 2024, from ₱88.36 million as of December 31, 2023. A decrease of ₱12.76 million or 14% was due to the amortization of prepaid taxes.

Investment properties

Investment properties ended at ₱63,845.47 million as of March 31, 2024, from ₱63,837.04 million as of December 31, 2023. 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 ₱275.20 million as of March 31, 2024, from ₱267.29 million as of December 31, 2023. An increase of 3% or ₱7.92 million was due to the accumulation of 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.

Liabilities

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

Total liabilities landed at ₱2,508.08 million and ₱2,571.27 million as of March 31, 2024 and December 31, 2023, respectively.

Accounts and other payables

Accounts and other payables were ₱847.21 million as of March 31, 2024 and ₱917.42 million as of December 31, 2023. A decrease of 8% or ₱70.21 was due to the installment payment made for the fuel cost recovery adjustment related to utilities.

Deposits and other liabilities (current and noncurrent)

The Company's deposits and other liabilities were ₱1,390.92 million as of March 31, 2024 and ₱1,386.44 million as of December 31, 2023. The increase was due to the additional deposits collected from new contracts.

Lease liability

The Company's lease liability was ₱269.95 million as of March 31, 2024 and ₱267.42 million as of December 31, 2023. 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 March 31, 2024 and December 31, 2023.

Additional paid-in capital

The Company's additional paid-in capital (APIC) amounted to ₱54,125.18 million as of March 31, 2024 and December 31, 2023.

Retained Earnings (Deficit)

Retained earnings before the change in fair market values of investment properties ended at ₱1,927.79 million and ₱1,826.76 million as of March 31, 2024 and December 31, 2023, respectively. Considering the change in the fair market values of investment properties, retained earnings ended at -₱1,052.12 million and -₱1,125.20 million as of March 31, 2024 and December 31, 2023, respectively. The increase was mainly due to the net income from the operations covering the three months ending March 31, 2024, offset by the payment of dividends for 4Q 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 March 31, 2024	As of December 31, 2023
Current ratio ¹	1.62	1.52
Acid test ratio (Quick ratio) ²	1.56	1.46
Debt-to-equity ratio ³	<i>RCR does not have any financial indebtedness as of March 31, 2024 and December 31, 2023</i>	
Asset-to-equity ratio ⁴	1.04	1.04
Net book value per share ⁵	₱5.95	₱5.94

	For the Period Ended March 31	
	2024	2023
Earnings per share ⁶	₱0.10	₱0.10
Interest rate coverage ratio ⁷	<i>RCR does not have any financial indebtedness as of March 31, 2024 and December 31, 2023</i>	
Net profit/ operating margin ⁸	0.79	0.79
Solvency ratio ⁹	<i>RCR does not have any financial indebtedness as of March 31, 2024 and December 31, 2023</i>	
Return on equity ¹⁰	0.07	0.07
Return on assets ¹¹	0.06	0.07

Considering the change in the fair market values of Investment Properties, Return on Equity are 0.18 and -0.10; and Return on Assets are 0.17 and -0.09, as of March 31, 2024 and 2023, 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 Average Total Shareholders' Equity
- Return on assets** is computed as Net Income (12-month basis) over Average Total Assets

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

Unaudited Interim Condensed Financial Statements
As of March 31, 2024 and for the Three Months Ended March 31, 2024 and 2023
*(With Comparative Audited Statement of Financial Position
as of December 31, 2023)*

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱1,694,483,181	₱1,788,809,752
Receivables (Note 7, 13)	417,184,763	316,562,081
Other current assets (Note 8)	75,594,705	88,355,056
Total Current Assets	2,187,262,649	2,193,726,889
Noncurrent Assets		
Investment properties (Note 9)	63,845,474,080	63,837,041,406
Other noncurrent assets (Note 8)	275,204,763	267,289,420
Total Noncurrent Assets	64,120,678,843	64,104,330,826
	₱66,307,941,492	₱66,298,057,715
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10, 13)	₱847,211,052	₱917,419,714
Deposits and other current liabilities (Note 11)	504,406,654	527,465,685
Total Current Liabilities	1,351,617,706	1,444,885,399
Noncurrent Liabilities		
Lease liability (Note 18)	269,945,324	267,416,159
Deposits and other current liabilities (Note 11)	886,516,881	858,972,052
Total Noncurrent Liabilities	1,156,462,205	1,126,388,211
Total Liabilities	2,508,079,911	2,571,273,610
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)	(1,052,120,376)	(1,125,197,852)
Total Equity	63,799,861,581	63,726,784,105
	₱66,307,941,492	₱66,298,057,715

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 January to March	
	2024	2023
	(Unaudited)	(Unaudited)
REVENUE		
Rental income (Note 14,18)	₱1,170,229,699	₱1,187,113,559
Income from dues (Note 14)	221,183,854	224,368,660
Income from dues – net (Note 15)	14,082,585	19,696,796
	1,405,496,138	1,431,179,015
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES		
Increase in fair value of investment properties	–	–
Straight-line adjustments (Note 12)	(22,250,710)	(64,970,484)
Lease commissions (Note 12)	(5,701,715)	(96,084)
	(27,952,425)	(65,066,568)
Other income (Note 16)	53,410,884	11,935,533
	1,430,954,597	1,378,047,980
COSTS AND EXPENSES		
Direct operating costs (Note 17)	200,213,322	190,590,352
General and administrative expenses (Note 17)	96,471,138	98,263,558
Interest expense on lease liability (Note 18)	2,529,165	1,765,398
	299,213,625	290,619,308
INCOME BEFORE INCOME TAX	1,131,740,972	1,087,428,672
PROVISION FOR INCOME TAX (Note 19)	7,436,672	1,232,093
NET INCOME	1,124,304,300	1,086,196,579
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME	₱1,124,304,300	₱1,086,196,579
Basic and Diluted Earnings Per Share (Note 12)	₱0.1048	₱0.1013
Dividends declared to-date	₱0.0980	₱0.0976

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 MARCH 31, 2024 AND 2023

For the Three Months Ended March 31, 2024

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Retained Earnings (Note 12)	Total Equity
Balances at January 1, 2024	₱10,726,804,330	₱54,125,177,627	(₱1,125,197,852)	₱63,726,784,105
Total comprehensive income for the period	–	–	1,124,304,300	1,124,304,300
Cash dividends	–	–	(1,051,226,824)	(1,051,226,824)
Balances at March 31, 2024	₱10,726,804,330	₱54,125,177,627	(₱1,052,120,376)	₱63,799,861,581

For the Three Months Ended March 31, 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	–	–	1,086,196,579	1,086,196,579
Cash dividends	–	–	(1,046,936,102)	(1,046,936,102)
Balances at March 31, 2023	₱10,726,804,330	₱54,125,177,627	(₱8,354,799,766)	₱56,497,182,191

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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,131,740,972	₱1,087,428,672
Adjustments for:		
Fair value change in investment properties	27,952,425	65,066,568
Amortization of right-of-use asset	7,317,866	5,307,464
Interest expense on lease liability	2,529,165	1,765,398
Interest income	(37,183,360)	(6,160,467)
Operating income before working capital changes	1,132,357,068	1,153,407,635
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	(122,873,392)	58,972,501
Other current assets	12,760,351	12,985,101
Increase in:		
Accounts payable and other payables	(71,723,925)	109,223,227
Deposits and other liabilities	4,485,798	(2,083,327)
Net cash generated from operations	955,005,900	1,332,505,137
Interest received	37,183,360	6,160,467
Income tax paid	(7,436,672)	(1,232,093)
Net cash flows provided by operating activities	984,752,588	1,337,433,511
CASH FLOWS USED INVESTING ACTIVITIES		
Additions to investment properties	(19,936,992)	(5,435,216)
Increase in other noncurrent assets	(7,915,343)	(28,873,154)
Net cash flows used in investing activities	(27,852,335)	(34,308,370)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment of dividends	(1,051,226,824)	(1,046,936,102)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(94,326,571)	256,189,039
CASH AND CASH EQUIVALENTS AT JANUARY 1	1,788,809,752	1,014,710,209
CASH AND CASH EQUIVALENTS AT MARCH 31	₱1,694,483,181	₱1,270,899,248

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 March 31, 2024 and for the three months ended March 31, 2024 and 2023 were authorized for issue by the BOD on May 3, 2024.

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, 2024. 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 PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

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, 2025

- PFRS 17, *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*

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 accounts for a modification to all operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

There are no lease contracts where the Company transfers substantially all the risk and benefits of ownership of the assets that are leased.

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

The Company's financial assets at amortized cost include cash in bank and receivables and these are classified as financial assets at amortized cost (debt instruments).

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 has no financial assets under FVOCI with or without recycling and FVTPL categories.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities include accounts and other payables (excluding taxes payables), lease liability and security deposits. These financial liabilities, at initial recognition, as loans and borrowings, and payables.

All financial liabilities are recognized initially at fair value.

Subsequent measurement

The financial liabilities are subsequently measured at amortized cost using the EIR method. This category generally applies to accounts and other payables, deposits and other liabilities.

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.

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 and 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).

The Company abides with the provisions of the REIT law and complies with the distribution of dividends equivalent to at least 90%. The Company has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that is effectively an “income tax-free” entity 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 payments, lease term as compared with the estimated useful life of the related asset, ceding of control over the asset, purchase options, outright transfer of asset to the lessee at the lease term and lease asset is of specialized nature.

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 ₱269.95 million and ₱267.42 million as of March 31, 2024 and December 31, 2023, respectively (see Note 18).

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 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 ₱417.18 million and ₱316.56 million as of March 31, 2024 and December 31, 2023, respectively (see Note 7).

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 ₱63,845.47 million and ₱63,837.04 million as of March 31, 2024 and December 31, 2023, respectively. Fair value change recognized as of March 31, 2024 amounted to nil. (₱7,135.40 million for the year 2023). (see Note 9).

6. Cash and cash equivalents

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash on hand and in bank	₱294,483,181	₱538,809,752
Cash equivalents	1,400,000,000	1,250,000,000
	₱1,694,483,181	₱1,788,809,752

Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents 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 cash equivalents for the three months ended March 31, 2024 and 2023 amounted to ₱37.18 million and ₱6.16 million, respectively

7. Receivables

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade receivables (Note 14)	₱372,276,234	₱287,072,470
Receivable from a related party (Note 13)	24,842,920	24,705,426
Others	20,065,609	4,784,185
	₱417,184,763	₱316,562,081

Trade receivables represent billed monthly rentals and dues. These receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

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

Others are composed of accrued interest receivable on cash equivalents and downpayments made to suppliers.

No provision for ECL was recognized as of March 31, 2024 and 2023.

8. Other Assets

Other Current Assets

This account consists of prepaid real property taxes amounting to ₱75.59 million and ₱88.36 million as of March 31, 2024 and December 31, 2023, respectively.

Other Noncurrent Assets

This account consists of

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Creditable withholding taxes	₱140,238,620	₱132,906,501
Security deposit	121,451,869	121,451,869
Reserve fund	13,514,274	12,931,050
	₱275,204,763	₱267,289,420

Creditable withholding taxes pertain to taxes withheld by the Company that are recognized upon collection of the related receivable and are utilized as tax credits against income tax due.

Security deposits represent the deposit made to Robinsons Land Corporation (RLC) in relation to lease agreements for the land on which the Company's properties are situated and for the lease of two buildings – Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3.

Reserve fund is composed of 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:

	March 31, 2024 (Unaudited)		
	Building and Building Improvements	Right-of-Use Assets (Note 18)	Total
Cost			
Balance at beginning of period	₱63,361,782,166	₱546,105,837	₱63,907,888,003
Additions	15,750,540	-	15,750,540
Balance at end of period	63,377,532,706	546,105,837	63,923,638,543
Accumulated Depreciation			
Balance at beginning of period	-	70,846,597	70,846,597
Amortization (Note 17)	-	7,317,866	7,317,866
Balance at end of period	-	78,164,463	78,164,463
Net Book Value	₱63,377,532,706	₱467,941,374	₱63,845,474,080
December 31, 2023 (Audited)			
	Building and Building Improvements	Right-of-Use Assets (Note 18)	Total
Cost			
Balance at beginning of year	₱56,197,208,972	₱546,105,837	₱56,743,314,809
Additions	29,172,476	-	29,172,476
Fair value change	7,135,400,718	-	7,135,400,718
Balance at end of year	63,361,782,166	546,105,837	63,907,888,003
Accumulated Depreciation			
Balance at beginning of year	-	41,494,715	41,494,715
Amortization	-	29,351,882	29,351,882
Balance at end of year	-	70,846,597	70,846,597
Net Book Value	₱63,361,782,166	₱475,259,240	₱63,837,041,406

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 March 31, 2024 and December 31, 2023 amounted to ₱63,845.47 million and ₱63,837.04 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 ₱1,170.23 million and ₱1,187.11 million for the three months ended March 31, 2024 and 2023 (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱200.21 million and ₱190.59 million for the nine months ended March 31, 2024 and 2023 (see Note 17).

There are no investment properties as of March 31, 2024 and December 31, 2023 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

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Accounts payable (Note 13)	₱276,600,302	₱254,665,708
Accrued expenses	506,995,280	578,092,520
Taxes payable	63,615,470	84,661,486
	₱847,211,052	₱917,419,714

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:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deposits from lessees	₱1,079,745,012	₱1,061,588,156
Unearned rental income	213,023,170	226,825,711
Deferred credits	98,155,353	98,023,870
	1,390,923,535	1,386,437,737
Less current portion	504,406,654	527,465,685
	₱886,516,881	₱858,972,052

The current portion of these accounts follows:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Deposits from lessees	₱376,779,008	₱364,008,584
Unearned rental income	87,406,862	114,133,665
Deferred credits	40,220,784	49,323,436
	₱504,406,654	₱527,465,685

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross Amount		
Balance at beginning of period	₱1,162,843,879	₱1,021,634,838
Additions	18,563,649	141,209,041
Balance at end of period	1,181,407,528	1,162,843,879
Unamortized Discount		
Balance at beginning of period	101,255,723	99,628,551
Additions	10,392,247	41,568,990
Accretion (Note 17)	(9,985,454)	(39,941,818)
Balance at end of period	101,662,516	101,255,723
Net Amount	1,079,745,012	1,061,588,156
Less current portion	376,779,008	364,008,584
	₱702,966,004	₱697,579,572

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱98,023,870	₱97,497,936
Additions	10,392,247	41,568,990
Amortization	(10,260,764)	(41,043,056)
Balance at end of period	98,155,353	98,023,870
Less current portion	40,220,784	49,323,436
	₱57,934,569	₱48,700,434

12. Equity

The details of the Company's common shares as of March 31, 2024 and December 31, 2023 follow:

	March 31, 2024 (Unaudited)		December 31, 2023 (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

(forward)

Issued and outstanding				
Balances at beginning of year	10,726,804,330	₱10,726,804,330	10,726,804,330	₱10,726,804,330
Issuance of new shares (a)	–	–	–	–
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		₱5.95		₱5.94

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.

On April 20, 2022, the second property-for-share swap transaction of the Company with Robinsons Land Corporation (RLC) has been consummated through the execution of a Deed of Assignment relating to the infusion of Robinsons Cyberscape Gamma. This asset is value at ₱5,888.00 million in exchange for Seven Hundred Seventy-Seven Million Eight Hundred Seven Thousand One Hundred Thirty-Three (777,807,133) primary common shares. On August 15, 2022, the SEC approved the property-for-share swap transactions.

Initial Public Offering (IPO)

On August 3, 2021, the SEC rendered effective the Company's REIT Plan and the registration of its 9,948,997,197 common shares.

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

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

Additional Paid-In Capital (APIC)

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

In 2022, the addition of APIC amounting to ₱5,110.19 million relates to the Robinsons Cyberscape Gamma infusion into the Company.

Dividend Declaration

After reconciling items, the Company has retained earnings available for dividend declaration amounting to 1,483.35 million as of March 31, 2024.

The Company's BOD approved the declaration of cash dividends to common stockholders as follows:

Declaration date	Cash dividends	Record date	Payment date
November 5, 2021	₱0.0620	November 19, 2021	November 25, 2021
February 4, 2022	₱0.0920	February 18, 2022	February 28, 2022
May 10, 2022	₱0.0965	May 26, 2022	May 31, 2022
August 9, 2022	₱0.0972	August 23, 2022	August 31, 2022
November 8, 2022	₱0.0974	November 22, 2022	November 29, 2022
February 6, 2023	₱0.0976	February 20, 2023	February 28, 2023

<i>(forward)</i>			
April 21, 2023	₱0.0977	May 22, 2023	May 31, 2023
August 9, 2023	₱0.0978	August 24, 2023	August 31, 2023
November 7, 2023	₱0.0979	November 21, 2023	November 30, 2023
February 5, 2024	₱0.0980	February 20, 2024	February 29, 2024

Distributable Income

The computation of the distributable income of the Company for the three months ended March 31, 2024 is shown below:

Total comprehensive income	₱1,124,304,300
Add: Fair value change in investment properties	27,952,425
<u>Distributable income</u>	<u>₱1,152,256,725</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 three months ending March 31, 2024, 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 ₱22.25 million and ₱5.70 million, respectively, totaling ₱27.95 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 ₱63,799.86 million and ₱63,726.78 million as of March 31, 2024 and December 31, 2023, 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:

March 31, 2024 (Unaudited)				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱9,483,289	₱7,722,291	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)	₱79,206,967	₱87,262,152	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)	₱59,020,954	₱2,991,692	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)	₱–	₱24,842,920	Non-interest bearing; due and demandable	Unsecured; no impairment
Parent Company				
Rent expense/payable (Note 17,18)	₱58,128,737	(₱40,109,025)	Noninterest bearing; due and demandable	Unsecured
Under common control of Parent Company				
Management fees/accounts payable (b) (Note 17)	₱120,667,620	(₱143,460,441)	Noninterest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱294,168,884	–	Interest bearing at prevailing market rate	Unsecured; no impairment
Short-term investments (Note 6)	₱1,400,000,000	–	Interest bearing at prevailing market rate	Unsecured; no impairment
Interest income (Note 6)	₱37,183,360	₱13,997,213	at 5.00%-6.10% per annum due and demandable	
December 31, 2023 (Audited)				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱41,680,405	₱1,927,506	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)	₱337,794,538	₱55,988,776	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)	₱273,467,314	₱24,705,426	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment

	December 31, 2023 (Audited)			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
<i>(forward)</i>				
Parent Company				
Related party receivable (Note 7)	₱254,250,733	₱21,294,390	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)	₱225,535,182	(₱37,565,938)	Noninterest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱475,627,770	₱-		Unsecured;
Short-term investments	1,250,000,000		Interest bearing	no impairment
Interest income	48,061,459	2,808,338		

Significant transactions with related parties are as follows:

(a) *Rental income*

The revenue generated from related party lessees amounted to ₱147.71 million and ₱180.32 million for the three months ended March 31, 2024 and 2023.

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 ₱120.67 million and ₱117.71 million for the three months ended March 31, 2024 and 2023 (see Note 17).

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 March 31, 2024 and December 31, 2023. 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 three months ended March 31, 2024 and 2023 from:

	2024	2023
	(Unaudited)	(Unaudited)
Office, retail and parking spaces	₱1,159,968,935	₱1,179,845,229
Amortization of deferred credits (Note 11)	10,260,764	7,268,330
	₱1,170,229,699	₱1,187,113,559

Rental income from office, retail and parking includes income from the straight-line method of recognizing rental income amounting to ₱34.77 million and ₱69.53 million for the three months ending March 31, 2024 and 2023, 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 three months ending March 31, 2024 and 2023:

	2024	2023
	(Unaudited)	(Unaudited)
Income from dues:		
CUSA	₱212,257,387	₱215,545,196
Air-conditioning	8,926,467	8,823,464
	₱221,183,854	₱224,368,660

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 three months ending March 31, 2024 and 2023:

	2024 (Unaudited)	2023 (Unaudited)
Dues	₱39,531,912	₱41,355,087
Less direct costs	(25,449,327)	(21,658,291)
	₱14,082,585	₱19,696,796

16. Other Income

This account pertains to miscellaneous income earned from forfeitures and penalties charged to tenants for late payments, interest income, and others. Other income amounted to ₱53.41 million and ₱11.94 million for the three months ended March 31, 2024 and 2023.

17. Costs and Expenses

Direct Operating Costs

This account consists of the following for the three months ended March 31, 2024 and 2023:

	2024 (Unaudited)	2023 (Unaudited)
Management fees (Notes 10 and 13)	₱120,667,620	₱117,709,863
Contracted services	28,927,967	19,852,792
Repairs and maintenance	21,830,287	20,667,258
Utilities – net (Note 5)	11,484,128	20,095,862
Accretion of interest expense (Note 11)	9,985,454	6,957,113
Amortization (Note 9)	7,317,866	5,307,464
	₱200,213,322	₱190,590,352

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 2024 and 2023:

	2024 (Unaudited)	2023 (Unaudited)
Utility dues:		
Light	₱124,744,329	₱184,091,020
Water	9,713,855	4,295,228
Diesel and other charges	(1,133,040)	-
Costs:		
Light	(132,190,027)	(197,643,308)
Water	(11,792,736)	(8,891,267)
Diesel and other charges	(826,509)	(1,947,535)
	(₱11,484,128)	(₱20,095,862)

General and Administrative Expenses

This account consists of the following for the three months ended March 31, 2024 and 2023:

	2024 (Unaudited)	2023 (Unaudited)
Rent expense (Note 18)	₱58,128,737	₱57,383,824
Taxes and licenses	26,359,391	27,270,725
Insurance expense	5,375,250	5,922,455
Supplies expense	1,045,525	1,383,992
Professional fees	1,042,340	1,141,929
Communication	4,019	7,447
Advertising and promotions	-	66,964
Others	4,515,876	5,086,222
	₱96,471,138	₱98,263,558

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 ₱1,170.23 million and ₱1,187.11 million for the three months ended March 31, 2024 and 2023, 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 three months ended March 31, 2024 and year ended December 31, 2023 follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	₱267,416,159	₱257,365,719
Interest expense on lease liability	2,529,165	10,050,440
	₱269,945,324	₱267,416,159

The following are the amounts recognized in the statements of comprehensive income for the three months ending March 31, 2023 and 2024 from the above lease agreements as lessee:

	2024 (Unaudited)	2023 (Unaudited)
Amortization of right-of-use asset (Notes 9 and 17)	₱7,317,866	₱5,307,464
Accretion of interest expense on lease liability	2,529,165	1,765,398
Total amounts recognized in the statement of comprehensive income	₱9,847,031	₱7,072,862

19. Income Taxes

Provision for income tax amounting to ₱7.44 million and ₱1.23 million for the three months ending March 31, 2024 and 2023, 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 March 31, 2024 and December 31, 2023.

21. Notes to Statements of Cashflows

Noncash investing and financing activities pertain to the following:

2024

- Prior period's additions to investment properties that were paid during the year amounting to ₱4.19 million;
- Amortization of ROU asset amounting to ₱7.32 million (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱2.53 million (Note 18).

2023

- Amortization of ROU asset amounting to ₱5.31 million (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱1.77 million (Note 18).

22. Events After Reporting Period

On May 3, 2024, the Company declared its second regular cash dividends for calendar year 2024 covering the period January 1 to March 31, 2024 at ₱0.0990 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 May 31, 2024 to stockholders of record as of May 17, 2024.

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

AGING OF RECEIVABLES

As of March 31, 2024

	Neither Past		Past Due But Not Impaired				Past Due and Impaired
	Total	Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	
Trade	₱372,276,234	₱324,301,836	₱3,001,111	₱8,668,782	₱12,579,992	₱23,724,513	₱-
Intercompany receivable	24,842,920	24,842,920	-	-	-	-	-
Others	20,065,609	20,065,609	-	-	-	-	-
	₱417,184,763	₱369,210,365	₱3,001,111	₱8,668,782	₱12,579,992	₱23,724,513	₱-

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

FINANCIAL SOUNDNESS INDICATORS

	<u>As of March 31, 2024</u>		<u>As of December 31, 2023</u>	
Current Ratio				
<u>Current Assets</u>	<u>2,187,262,649</u>		<u>2,193,726,889</u>	
Current Liabilities	1,351,617,706	1.62	1,444,885,399	1.52
Acid test Ratio (Quick Ratio)				
<u>Quick Assets</u>	<u>2,111,667,944</u>		<u>2,105,371,833</u>	
Current Liabilities	1,351,617,706	1.56	1,444,885,399	1.46
Solvency Ratio				
<i>Not applicable. The Company has no debt as of March 31, 2024 and December 31, 2023.</i>				
Asset-to-Equity Ratio				
<u>Total Assets</u>	<u>66,307,941,492</u>		<u>66,298,057,715</u>	
Total Equity	63,799,861,581	1.04	63,726,784,105	1.04
Debt-to-Equity Ratio				
<i>RCR does not have any financial indebtedness as of March 31, 2024 and December 31, 2023.</i>				
Book Value Per Share				
<u>Total Equity</u>	<u>63,799,861,581</u>		<u>63,726,784,105</u>	
Number of Shares Outstanding	10,726,804,330	₱5.95	10,726,804,330	₱5.94

	For the Period Ended March 31			
	2024		2023	
Return on Assets				
Net Income (12-month basis)	11,501,150,386	0.17	(5,472,781,819)	-0.09
Average Total Assets	66,302,999,604		58,789,616,247	
Return on Equity				
Net Income (12-month basis)	11,501,150,386	0.18	(5,472,781,819)	-0.10
Average Total Shareholders' Equity	63,763,322,843		56,477,551,952	
Interest Coverage Ratio				
<i>RCR does not have any financial indebtedness as of March 31, 2024 and 2023.</i>				
Debt Service Coverage Ratio				
<i>RCR does not have any financial indebtedness as of March 31, 2024 and 2023.</i>				
Operating Margin Ratio				
Operating Profit ¹	1,094,557,612	0.79	1,081,268,206	0.79
Total Revenues	1,393,771,237		1,371,887,513	
Earnings Per Share				
Net Income	1,124,304,300		1,086,196,579	
Weighted Average No. of Shares	10,726,804,330	₱0.10	10,726,804,330	₱0.10

¹Operating profit excludes interest income amounting to ₱37.18 million and ₱6.16 million for the three months ending March 31, 2024 and 2023.

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

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION**

Total Unappropriated Retained Earnings - January 1, 2024		₱1,420,673,525
<hr/>		
Net income actually earned/realized during the period:		
Net income (loss) during the period closed to retained earnings	1,124,304,300	
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the period		–
Fair value adjustment of Investment Property	27,952,424	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(38,350,849)	1,113,905,875
<hr/>		
Add: Non-actual losses		
Adjustments due to deviation from PFRS/GAAP - loss		–
<hr/>		
Net income actually earned during the period		1,113,905,875
Add (Less):		
Dividend declarations during the period		(1,051,226,824)
<hr/>		
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION, MARCH 31		₱1,483,352,576
<hr/> <hr/>		

Exhibit III

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

A. Real Estate Assets

As of 31 March 2024, 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	2,664.3	12,936	90%	n/a	42.3	55.4
Robinsons Summit Center	Makati City	9,123.8	29,217	93%	n/a	126.0	134.0
Cyberscape Alpha	Pasig City	8,366.9	47,868	96%	96	132.3	146.7
Cyberscape Beta	Pasig City	7,261.9	40,755	96%	96	105.5	129.6
Tera Tower	Quezon City	5,828.9	35,087	100%	96	80.0	97.5
Cyber Sigma	Taguig City	5,590.7	46,561	93%	15	136.3	157.1
Exxa-Zeta Tower	Quezon City	11,714.3	70,129	94%	96	154.7	182.0
Cyberscape Gamma	Pasig City	7,203.9	44,523	99%	48	108.3	130.5
Robinsons Cybergate Center 2	Mandaluyong Ci	6,881.8	41,662	95%	96	91.3	115.0
Robinsons Cybergate Center 3	Mandaluyong Ci	7,796.1	40,316	90%	96	118.4	142.6
Robinsons Cybergate Cebu	Cebu City	543.1	6,866	100%	96	11.6	17.2
Galleria Cebu	Cebu City	916.2	8,851	100%	96	11.6	16.4
Luisita BTS 1	Tarlac City	743.2	5,786	100%	96	9.7	12.3
Cybergate Naga	Naga City	702.7	6,069	100%	96	9.7	12.7
Cybergate Delta 1	Davao City	1,491.5	11,688	98%	96	18.7	24.3
Cybergate Bacolod	Bacolod City	1,206.3	9,322	90%	48	13.9	20.5

B. Real Estate Transactions for the period covering 01 January 2024 to 31 March 2024

RCR will consider asset acquisitions via different financing methods as the case may be, including but not limited to a tax-free exchange via asset-for-share swap or cash with the Sponsor, equity and debt capital raising transactions, bank loans, among others, depending on what is in RCR's best interests. As of 31 March 2024, RCR has zero debt.

C. Status of Reinvestment Plan

RCR and its sponsor, RLC, has filed for Reinvestment Plan last April 12, 2024. The Reinvestment Plan sets forth the planned use of the net proceeds received by RLC from the sale of 1,725,995,000 RCR shares at a transaction price of ₱4.92 per share. RLC received net proceeds of approximately 8.35 billion (net of taxes and fees attributable to the sale) on April 11, 2024.

RLC will disburse the ₱8.35 billion or the amount RLC is required to reinvest from the net proceeds of the sale of RCR shares to any of the projects mentioned in the said reinvestment plan. All disbursements for such projects are intended to be completed within one (1) year from receipt of the proceeds from the sale of RCR shares.

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Luisita

MacArthur Highway, Brgy. San Miguel
Tarlac City, Province of Tarlac
BCG24-C04418-001.1 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila

(T h e " C L I E N T / C O M P A N Y ")

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.1**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Luisita** (t h e " P R O P E R T Y ") located in MacArthur Highway, Brgy. San Miguel, Tarlac City, Province of Tarlac.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Luisita** located in MacArthur Highway, Brgy. San Miguel, Tarlac City, Province of Tarlac.

Basis of value: The valuation was made on the basis of *market value*.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Meanwhile, a **basis of value** is defined as " fundamental measurement as s (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value:

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
THREE HUNDRED SIXTEEN MILLION
FIVE HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP1,316,530,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.

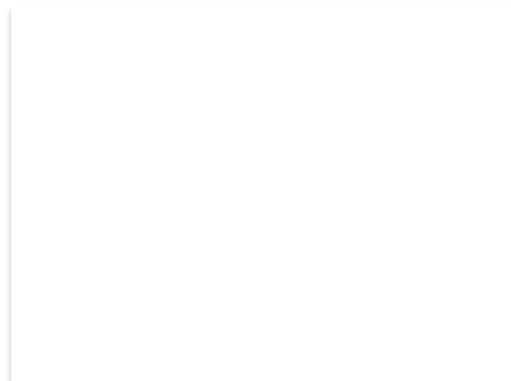


GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Luisita, which is situated at the entrance of Hacienda Luisita, is a well-known sight for visitors visiting Baguio, La Union, Pangasinan, the Ilocos region, and other northern tourist sites. For travelers arriving from the Mac Arthur Highway or the Subic-Clark-Tarlac Expressway (SCTEX), it is an easy and very accessible place to stop.



Figure 1: Robinsons Luisita

6.2 Location

The property appraised, identified as the Robinsons Luisita (formerly Plaza Luisita Center), is located on the southeast side of MacArthur Highway, almost in front of San Miguel Central Elementary School, in the vicinity of Kilometer Post No. 118, within Barangay San Miguel, Tarlac City.

The site is approximately 100 meters southeast from Kampong Heneral Servillano Aquino, some 6.0 kilometers from Tarlac City proper.

The property is located within Hacienda Luisita, a vast sugarland sprawling on a 6,500-hectare of land encompassing the city of Tarlac, and municipalities of La Paz and Concepcion, which in recent years, have gradually shifted from purely agricultural land planted to sugarcane to industrial park, commercial and residential projects/concerns.

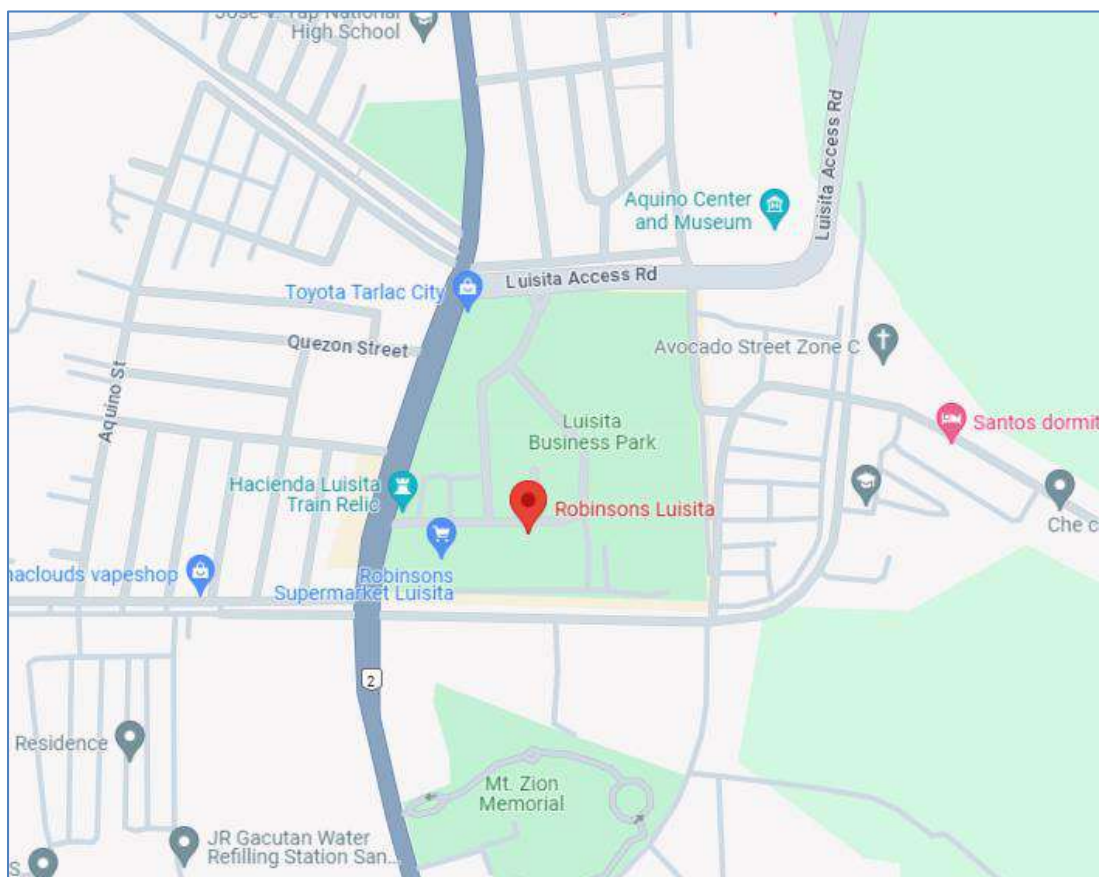


Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 17,240.11 sq. m. and a gross leasable area of 15,779.54 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 96% occupied with a Weighted Average Lease Expiry (WALE) of 2.47 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value as a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value based on a single current value." Under the income approach, reference is made to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

Client's debt to equity ratio is at

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY' sash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
THREE HUNDRED SIXTEEN MILLION
FIVE HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP1,316,530,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LUISITA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	72,017,586	101,784,855	107,891,946	114,365,463	121,227,391	128,501,034
Aircon Charges - net	PHP	8,105,084	11,347,118	11,914,473	12,510,197	13,135,707	13,792,492
Common use service area charges - net	PHP	15,082,155	21,115,018	22,170,769	23,279,307	24,443,272	25,665,436
Commission	PHP	369,467	517,254	543,117	570,273	598,787	628,726
GROSS REVENUES	PHP	95,574,293	134,764,245	142,520,305	150,725,240	159,405,157	168,587,689
Less: Operating Expenses							
Contracted Services	PHP	10,244,462	14,342,246	15,059,359	15,812,327	16,602,943	17,433,090
Net Utilities	PHP	1,598,811	2,238,335	2,350,252	2,467,765	2,591,153	2,720,711
Repair & Maintenance	PHP	2,966,107	4,152,549	4,360,177	4,578,186	4,807,095	5,047,450
Advertising & Promotion	PHP	1,620,750	2,269,050	2,382,503	2,501,628	2,626,709	2,758,044
Taxes & Licenses	PHP	2,527,643	3,538,700	3,715,635	3,901,417	4,096,488	4,301,312
Insurance	PHP	1,745	2,443	2,565	2,693	2,828	2,969
Supplies	PHP	51,323	71,853	75,445	79,218	83,179	87,338
Other G&A	PHP	487,117	681,963	716,061	751,865	789,458	828,931
Land Lease	PHP	5,041,231	7,124,940	7,552,436	8,005,582	8,485,917	8,995,072
PM Fees	PHP	3,581,230	5,060,389	5,362,876	5,683,455	6,023,209	6,383,286
FM Fees	PHP	4,085,229	5,643,976	5,852,706	6,073,860	6,308,179	6,556,447
TOTAL OPERATING EXPENSES	PHP	32,205,647	45,126,445	47,430,015	49,857,994	52,417,157	55,114,650
NET OPERATING INCOME	PHP	63,368,646	89,637,800	95,090,291	100,867,246	106,988,000	113,473,038
Capital Expenditures	PHP	2,160,528	3,053,546	3,236,758	3,430,964	3,636,822	3,855,031
NET OPERATING INCOME AFTER CAP	PHP	61,208,119	86,584,254	91,853,532	97,436,282	103,351,178	109,618,007
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	58,122,240	74,137,658	70,918,972	67,835,012	64,880,660	62,050,939
Net present value (NPV)	PHP	1,316,529,606					
Rounded to:	PHP	1,316,530,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LUISITA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	136,211,097	144,383,762	153,046,788	162,229,595	171,963,371	
Aircon Charges - net	PHP	14,482,117	15,206,223	15,966,534	16,764,861	17,603,104	
Common use service area charges - net	PHP	26,948,708	28,296,143	29,710,950	31,196,498	32,756,323	
Commission	PHP	660,162	693,170	727,829	764,220	802,431	
GROSS REVENUES	PHP	178,302,083	188,579,298	199,452,101	210,955,174	223,125,229	
Less: Operating Expenses							
Contracted Services	PHP	18,304,745	19,219,982	20,180,981	21,190,030	22,249,532	
Net Utilities	PHP	2,856,746	2,999,584	3,149,563	3,307,041	3,472,393	
Repair & Maintenance	PHP	5,299,822	5,564,813	5,843,054	6,135,207	6,441,967	
Advertising & Promotion	PHP	2,895,947	3,040,744	3,192,781	3,352,420	3,520,041	
Taxes & Licenses	PHP	4,516,378	4,742,196	4,979,306	5,228,272	5,489,685	
Insurance	PHP	3,117	3,273	3,437	3,609	3,789	
Supplies	PHP	91,704	96,290	101,104	106,159	111,467	
Other G&A	PHP	870,377	913,896	959,591	1,007,570	1,057,949	
Land Lease	PHP	9,534,777	10,106,863	10,713,275	11,356,072	12,037,436	
PM Fees	PHP	6,764,902	7,169,346	7,597,984	8,052,264	8,533,721	
FM Fees	PHP	6,819,496	7,098,208	7,393,515	7,706,408	8,037,934	
TOTAL OPERATING EXPENSES	PHP	57,958,012	60,955,196	64,114,592	67,445,051	70,955,914	
NET OPERATING INCOME	PHP	120,344,071	127,624,103	135,337,509	143,510,123	152,169,315	
Capital Expenditures	PHP	4,086,333	4,331,513	4,591,404	4,866,888	5,158,901	
NET OPERATING INCOME AFTER CAP	PHP	116,257,738	123,292,590	130,746,106	138,643,235	147,010,414	
TERMINAL VALUE	PHP						1,916,604,940

NET PRESENT VALUE

Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	59,341,013	56,746,187	54,261,913	51,883,785	49,607,540	646,743,687
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Sta. Rosa

Old National Highway, Brgy. Tagapo
Sta. Rosa, Province of Laguna
BCG24-C04418-001.2 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center

E. Delos Santos corner Ortigas Avenues

Barangay Ugong Norte, Quezon City

Metro Manila

(T h e " C L I E N T / C O M P A N Y ")

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.2**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Sta. Rosa** (t h e " P R O P E R T Y ") located along Old National Highway, Brgy Tagapo, Sta Rosa, Province of Laguna.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Sta. Rosa** located along Old National Highway, Brgy Tagapo, Sta Rosa, Province of Laguna.

Basis of value: The valuation was made on the basis of *market value*.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Meanwhile, a **basis of value** is defined as " fundamental measurement as s (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value:

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
EIGHT HUNDRED SEVENTY-NINE MILLION
THREE HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP1,879,330,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Sta. Rosa is a three-storey mall with a variety of specialty shops, retail stores, entertainment venues, and service centers offering premium goods and services at competitive costs. Situated at the center of a thriving neighborhood with middle-class and well-developed residential subdivisions, esteemed educational institutions, a techno park housing 80 major international and local manufacturers, and more, Sta. Rosa has established itself as an important hub for the CALABARZON region's economy. Robinsons Sta. Rosa Market will provide for the demands of this expanding captive market both inside and outside of its immediate neighborhood.



Figure 1: Robinsons Sta. Rosa

6.2 Location

The property appraised, identified as the Robinsons Place-Sta. Rosa, is located on the southwest side of Biñan-Sta. Rosa National Road extending southwestward to Manila Railroad Company, about 200 meters northwest from New Sinai MDI Hospital and partly utilized by Shell Service Station, within Barangay Tagapo, Sta. Rosa City.

The site is approximately 780 meters northwest from Metrogate Subdivision, some 1.8 kilometers west from the city hall, and about 3.8 kilometers north from Sta. Rosa Commercial (Balibago) Complex.

The property is located in an area where land development is generally for commercial usage.



Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 37,382.48 sq. m. and a gross leasable area of 26,931.76 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 95% occupied with a Weighted Average Lease Expiry (WALE) of 2.56 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value as a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value based on a single current value." Under the income approach, reference is made to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

Client's debt to equity ratio is at 35 / 65

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY' cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
EIGHT HUNDRED SEVENTY-NINE MILLION
THREE HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP1,879,330,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS SITA ROSA
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	98,326,336	138,967,888	147,305,962	156,144,319	165,512,978	175,443,757
Aircon Charges - net	PHP	19,955,565	27,937,790	29,334,680	30,801,414	32,341,485	33,958,559
Common use service area charges - net	PHP	21,446,863	30,025,608	31,526,888	33,103,233	34,758,394	36,496,314
Commission	PHP	931,709	1,304,393	1,369,612	1,438,093	1,509,997	1,585,497
Other Income	PHP	26,759	37,463	39,336	41,303	43,368	45,537
GROSS REVENUES	PHP	140,687,232	198,273,142	209,576,478	221,528,362	234,166,223	247,529,664
Less: Operating Expenses							
Contracted Services	PHP	10,889,048	15,244,668	16,006,901	16,807,246	17,647,608	18,529,989
Net Utilities	PHP	7,797,539	10,916,554	11,462,382	12,035,501	12,637,276	13,269,140
Repair & Maintenance	PHP	6,512,526	9,117,537	9,573,414	10,052,085	10,554,689	11,082,423
Advertising & Promotion	PHP	1,423,500	1,992,900	2,092,545	2,197,172	2,307,031	2,422,382
Taxes & Licenses	PHP	4,392,659	6,149,723	6,457,209	6,780,069	7,119,073	7,475,027
Insurance	PHP	2,439	3,414	3,585	3,764	3,953	4,150
Supplies	PHP	186,276	260,787	273,826	287,518	301,893	316,988
Other G&A	PHP	1,367,240	1,914,136	2,009,842	2,110,335	2,215,851	2,326,644
Land Lease	PHP	6,882,844	9,727,752	10,311,417	10,930,102	11,585,908	12,281,063
PM Fees	PHP	4,974,453	7,027,950	7,446,886	7,890,821	8,361,248	8,859,750
FM Fees	PHP	5,614,661	7,765,098	8,060,487	8,373,360	8,704,753	9,055,765
TOTAL OPERATING EXPENSES	PHP	50,043,185	70,120,519	73,698,495	77,467,973	81,439,284	85,623,321
NET OPERATING INCOME	PHP	90,644,047	128,152,623	135,877,983	144,060,389	152,726,939	161,906,343
Capital Expenditures	PHP	2,949,790	4,169,037	4,419,179	4,684,330	4,965,389	5,263,313
NET OPERATING INCOME AFTER CAP	PHP	87,694,257	123,983,586	131,458,804	139,376,059	147,761,550	156,643,030
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	83,273,049	106,160,789	101,497,711	97,033,429	92,760,112	88,670,168
Net present value (NPV)	PHP	1,879,332,064					
Rounded for:	PHP	1,879,330,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS STA. ROSA
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	185,970,382	197,128,605	208,956,322	221,493,701	234,783,323	
Aircon Charges - net	PHP	35,656,487	37,439,311	39,311,277	41,276,840	43,340,682	
Common use service area charges - net	PHP	38,321,130	40,237,186	42,249,045	44,361,498	46,579,573	
Commission	PHP	1,664,772	1,748,011	1,835,411	1,927,182	2,023,541	
Other Income	PHP	47,814	50,204	52,714	55,350	58,118	
GROSS REVENUES	PHP	261,660,585	276,603,318	292,404,770	309,114,571	326,785,237	
Less: Operating Expenses							
Contracted Services	PHP	19,456,488	20,429,313	21,450,778	22,523,317	23,649,483	
Net Utilities	PHP	13,932,597	14,629,227	15,360,688	16,128,723	16,935,159	
Repair & Maintenance	PHP	11,636,544	12,218,372	12,829,290	13,470,755	14,144,292	
Advertising & Promotion	PHP	2,543,502	2,670,677	2,804,210	2,944,421	3,091,642	
Taxes & Licenses	PHP	7,848,778	8,241,217	8,653,278	9,085,942	9,540,239	
Insurance	PHP	4,358	4,576	4,804	5,045	5,297	
Supplies	PHP	332,837	349,479	366,953	385,301	404,566	
Other G&A	PHP	2,442,976	2,565,125	2,693,381	2,828,050	2,969,453	
Land Lease	PHP	13,017,927	13,799,002	14,626,943	15,504,559	16,434,833	
PM Fees	PHP	9,388,003	9,947,785	10,540,979	11,169,580	11,835,705	
FM Fees	PHP	9,427,560	9,821,372	10,238,506	10,680,346	11,148,360	
TOTAL OPERATING EXPENSES	PHP	90,031,570	94,676,143	99,569,810	104,726,038	110,159,027	
NET OPERATING INCOME	PHP	171,629,014	181,927,175	192,834,960	204,388,533	216,626,209	
Capital Expenditures	PHP	5,579,111	5,913,858	6,268,690	6,644,811	7,043,500	
NET OPERATING INCOME AFTER CAP	PHP	166,049,903	176,013,317	186,566,270	197,743,722	209,582,710	
TERMINAL VALUE	PHP						2,732,372,810
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	84,756,245	81,011,232	77,428,254	74,000,673	70,722,083	922,018,319
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Giga Tower

E. Rodriguez Jr. Avenue (C-5), Bridgetowne
Barangay Ugong Norte, Quezon City
Metropolitan Manila
BCG24-C04418-001.3 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center

E. Delos Santos corner Ortigas Avenues

Barangay Ugong Norte, Quezon City

Metro Manila

(T h e " C L I E N T / C O M P A N Y ")

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.3**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of *Giga Tower* (the " P R O P E R T Y ") located along E. Rodriguez Jr. Avenue (C-5), Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the *Giga Tower* located along E. Rodriguez Jr. Avenue (C-5), Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila.

Basis of value: The valuation was made on the basis of *market value*.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Meanwhile, a **basis of value** is defined as " fundamental measurement assumptions of a (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value:

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
SIX BILLION
THREE HUNDRED FIFTY-SEVEN MILLION
FIVE HUNDRED SIXTY THOUSAND ONLY**
(In Words)

PHP6,357,560,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Giga Tower is a 29-storey premium-grade office building developed by Robinsons Land Corporation. It consists of 21 total office floors with a typical floor plate of 2,400 sq. m. This PEZA accredited building was masterly designed to offer sustainable building systems with more efficient and larger office spaces. It was designed with sustainability in mind, utilizing eco-friendly building supplies, construction methods, and operational standards to create a better working environment. It has contemporary features like multiple levels of parking, high-speed elevators, food stalls, major Telco providers, and 100% backup power.



Figure 1: Giga Tower

6.2 Location

The property appraised, identified as the Giga Tower, is located strategically along E. Rodriguez Jr. Avenue (C-5), Bridgetowne, Barangay Ugong Norte, Quezon City, Metropolitan Manila

The site is about 100 meters north from the corner of Eulogio Rodriguez Jr. Ave. and Ortigas Avenue, and approximately 2.80 kilometers east from the corner of EDSA and Ortigas Avenue.

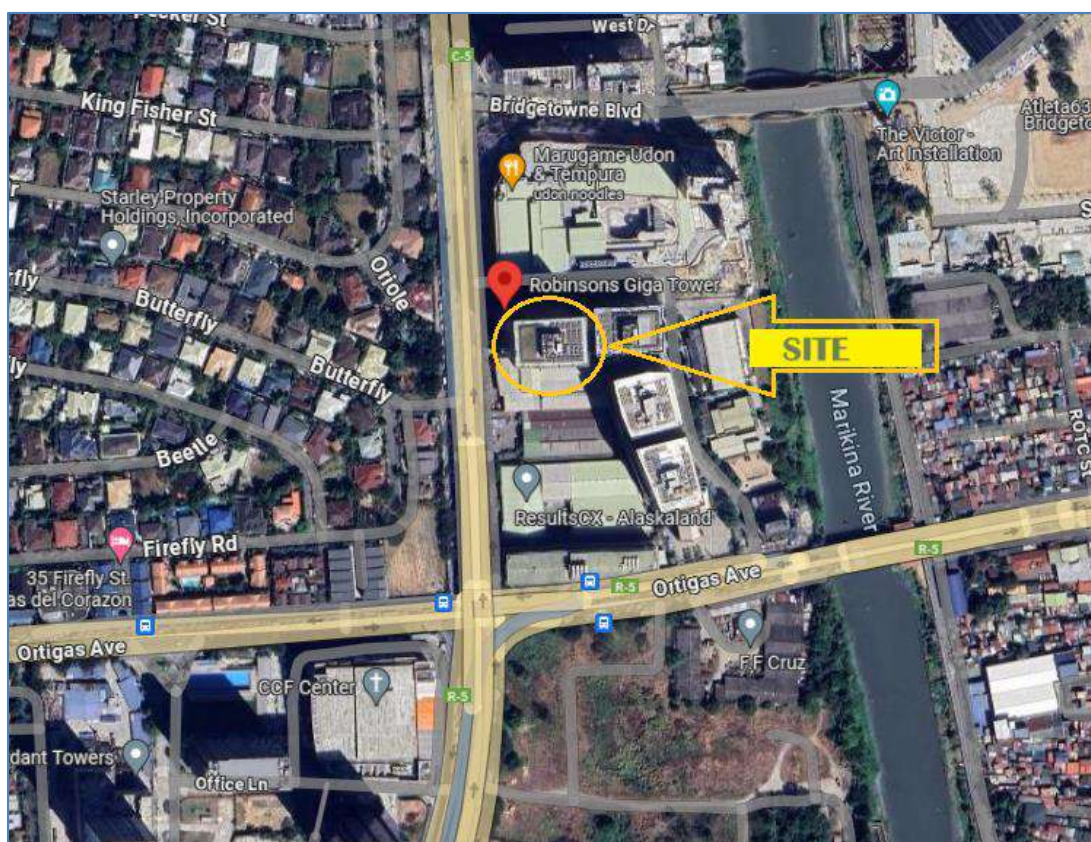


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is an office building with an aggregate gross floor area of 76,071.93 sq. m. and a gross leasable area of 53,398.15 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 1.87 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value as a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value based on a single current value." Under the income approach, reference is made to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

Client's debt to equity ratio is at 35 / 65

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the office rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY' cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 4.5% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
SIX BILLION
THREE HUNDRED FIFTY-SEVEN MILLION
FIVE HUNDRED SIXTY THOUSAND ONLY**

(In Words)

PHP6,357,560,000.00

(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
GIGA TOWER
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	350,971,812	472,918,276	485,401,244	494,405,487	513,363,063	528,763,955
Other Income							
Management Dues - net	PHP	45,776,933	61,613,662	61,613,662	61,613,662	61,613,662	62,229,799
Aircon Dues - Income	PHP	33,349,534	44,617,482	44,617,482	44,617,482	44,617,482	45,063,657
Other Areas	PHP	9,170,129	12,593,644	12,845,517	12,973,972	13,103,712	13,169,230
GROSS REVENUES	PHP	439,268,408	591,743,065	604,477,905	613,610,603	632,697,919	649,226,641
Less: Operating Expenses							
Contracted Services	PHP	5,772,604	7,927,710	8,165,541	8,410,508	8,662,823	8,922,708
Repairs & Maintenance	PHP	4,076,471	6,077,254	6,237,667	6,353,376	6,596,992	6,794,901
Loss from CUSA	PHP	(7,178,000)	(9,857,786)	(10,153,520)	(10,458,125)	(10,771,869)	(11,095,025)
Other Expense - Other Admin. Expense	PHP	792,600	1,181,618	1,212,807	1,235,305	1,282,672	1,321,152
General and Administrative Expense	PHP						
Taxes & Licenses	PHP	11,008,730	15,118,656	15,572,216	16,039,382	16,520,564	17,016,180
Commission Expense	PHP	-	-	-	-	-	-
Insurance Expense	PHP	2,124,556	3,167,315	3,250,918	3,311,223	3,438,189	3,541,335
Communication	PHP	4,491	6,695	6,871	6,999	7,267	7,485
Supplies Expense	PHP	170,589	254,317	261,030	265,872	276,067	284,349
Travel & Transportation	PHP	869	1,295	1,330	1,354	1,406	1,448
Representation & Entertainment	PHP	22,291	33,232	34,109	34,742	36,074	37,156
Land Lease	PHP	24,568,027	33,104,279	33,978,087	34,608,384	35,935,414	37,013,477
PM Fees	PHP	18,487,258	24,882,118	25,480,254	25,908,196	26,815,138	27,570,548
FM Fees	PHP	20,049,450	26,879,189	27,270,572	27,546,748	28,138,624	28,652,044
TOTAL OPERATING EXPENSES	PHP	79,899,937	108,775,892	111,317,883	113,263,964	116,939,360	120,067,758
NET OPERATING INCOME	PHP	359,368,471	482,967,173	493,160,022	500,346,639	515,758,559	529,158,883
Capital Expenditures	PHP	10,529,154	14,187,548	14,562,037	14,832,165	15,400,892	15,862,919
NET OPERATING INCOME AFTER CAP	PHP	348,839,316	468,779,624	478,597,985	485,514,475	500,357,667	513,295,964
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	331,252,177	401,391,960	369,519,563	338,014,539	314,109,004	290,558,981
Net present value (NPV)	PHP	6,357,562,965					
Rounded to:	PHP	6,357,560,000					

ANNEX A

ROBINSONS LAND CORPORATION
GIGA TOWER
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	544,626,873	560,965,679	572,184,993	583,628,693	601,197,554	
Other Income							
Management Dues - net	PHP	62,852,097	63,480,618	64,115,424	64,756,578	65,404,144	
Aircon Dues - Income	PHP	45,514,294	45,969,437	46,429,131	46,893,422	47,362,357	
Other Areas	PHP	13,235,076	13,301,252	13,367,758	13,434,597	13,501,770	
GROSS REVENUES	PHP	666,228,340	683,716,985	696,097,306	708,713,290	727,405,824	
Less: Operating Expenses							
Contracted Services	PHP	9,190,389	9,466,100	9,750,083	10,042,586	10,343,863	
Repairs & Maintenance	PHP	6,998,748	7,208,711	7,352,885	7,499,943	7,724,941	
Loss from CUSA	PHP	(11,427,876)	(11,770,712)	(12,123,834)	(12,487,549)	(12,862,175)	
Other Expense - Other Admin. Expense	PHP	1,360,786	1,401,610	1,429,642	1,458,235	1,501,982	
General and Administrative Expense	PHP						
Taxes & Licenses	PHP	17,526,666	18,052,466	18,594,040	19,151,861	19,726,417	
Commission Expense	PHP	-	-	-	-	-	
Insurance Expense	PHP	3,647,575	3,757,002	3,832,142	3,908,785	4,026,049	
Communication	PHP	7,710	7,941	8,100	8,262	8,510	
Supplies Expense	PHP	292,879	301,665	307,699	313,853	323,268	
Travel & Transportation	PHP	1,492	1,537	1,567	1,599	1,647	
Representation & Entertainment	PHP	38,271	39,419	40,208	41,012	42,242	
Land Lease	PHP	38,123,881	39,267,598	40,052,950	40,854,009	42,079,629	
PM Fees	PHP	28,348,163	29,148,643	29,702,586	30,267,275	31,123,916	
FMI Fees	PHP	29,180,066	29,723,120	30,103,506	30,490,917	31,070,823	
TOTAL OPERATING EXPENSES	PHP	123,288,750	126,605,100	129,051,574	131,550,786	135,111,111	
NET OPERATING INCOME	PHP	542,939,590	557,111,885	567,045,731	577,162,504	592,294,713	
Capital Expenditures	PHP	16,338,806	16,828,970	17,165,550	17,508,861	18,034,127	
NET OPERATING INCOME AFTER CAP	PHP	526,600,784	540,282,915	549,880,182	559,653,643	574,260,586	
TERMINAL VALUE	PHP						9,375,915,621
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	268,790,914	248,668,598	228,209,861	209,436,467	193,779,845	3,163,831,058
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Cybergate Davao

J. P. Laurel Avenue, Barangay Buhangin Poblacion
Buhangin District, Davao City, Province of Davao del Sur
BCG24-C04418-001.4 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center

E. Delos Santos corner Ortigas Avenues

Barangay Ugong Norte, Quezon City

Metro Manila

(T h e " C L I E N T / C O M P A N Y ")

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.4**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of *Cybergate Davao* (t h e " P R O P E R T Y ") located at J. P. Laurel Avenue, Barangay Buhangin Poblacion, Buhangin District, Davao City, Province of Davao del Sur.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the *Cybergate Davao* located along J. P. Laurel Avenue, Barangay Buhangin Poblacion, Buhangin District, Davao City, Province of Davao del Sur.

Basis of value: The valuation was made on the basis of *market value*.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Meanwhile, a **basis of value** is defined as the "fundamental measurement" as per IVSC (2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

PESOS:
SEVEN HUNDRED TWENTY-SEVEN MILLION
NINE HUNDRED TEN THOUSAND ONLY
(In Words)

PHP727,910,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. "

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

A two-storey community mall, Cybergate Davao, perfectly complements the vibrant and diverse lifestyle of Davaoños. Located along J.P. Laurel Avenue, this is Robinsons Land Corporation's first commercial center in the Mindanao region of this format. Robinsons Supermarket and Handyman Do It Best, two of the company's largest retail locations, as well as a number of eateries, specialty shops, retail and BPO/call centers, clinics, and other office spaces, are all housed under one roof. Additionally, Robinsons Cybergate Davao has an auxiliary building with al fresco strip dining for patrons and visitors looking to relax and eat.



Figure 1: Cybergate Davao

6.2 Location

The property appraised, identified as the Cybergate Davao, is located on the northwest side of J. P. Laurel Avenue, between Kar Asia and Davao City Water District (DCWD) Compound, within Barangay Bajada, Buhangin District, Davao City.

The site is approximately 500 meters southwest from Carmelite Monastery, some 400 meters northeast from Davao Medical Center and/or junction of J. P. Laurel and J. P. Cabaguio Avenues, and about 5.0 kilometers from the City Hall of Davao.

The property is located in an area where land development is generally for commercial usage.



Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 13,670.04 sq. m. and a gross leasable area of 10,841.09 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 4.35 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** "provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** "provides an indication of value as a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved." The approach provides an indication of replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** "provides an indication of value based on a single current value." Under the income approach, reference is made to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

Client's debt to equity ratio is at 35 / 65

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY' sash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
SEVEN HUNDRED TWENTY-SEVEN MILLION
NINE HUNDRED TEN THOUSAND ONLY**
(In Words)

PHP727,910,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

**ROBINSONS LAND CORPORATION
CYBERGATE DAVAO
DISCOUNTED CASH FLOW**
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	37,741,085	53,340,733	56,541,177	59,933,648	63,529,667	67,341,447
Aircon Charges - net	PHP	10,365,759	14,512,062	15,237,665	15,999,548	16,799,526	17,639,502
Common use service area charges - net	PHP	9,202,093	12,882,930	13,527,076	14,203,430	14,913,602	15,659,282
GROSS REVENUES	PHP	57,308,936	80,735,725	85,305,918	90,136,626	95,242,794	100,640,230
Less: Operating Expenses							
Contracted Services	PHP	5,283,286	7,396,600	7,766,430	8,154,752	8,562,489	8,990,614
Net Utilities	PHP	4,790,366	6,706,513	7,041,838	7,393,930	7,763,627	8,151,808
Repair & Maintenance	PHP	2,407,313	3,370,238	3,538,750	3,715,687	3,901,472	4,096,545
Advertising & Promotion	PHP	97,500	136,500	143,325	150,491	158,016	165,917
Taxes & Licenses	PHP	2,253,623	3,155,072	3,312,826	3,478,467	3,652,391	3,835,010
Insurance	PHP	1,513	2,118	2,223	2,335	2,451	2,574
Supplies	PHP	86,997	121,795	127,885	134,280	140,994	148,043
Other G&A	PHP	577,960	809,144	849,601	892,081	936,685	983,519
Land Lease	PHP	2,641,876	3,733,851	3,957,882	4,195,355	4,447,077	4,713,901
PM Fees	PHP	1,915,603	2,706,300	2,867,538	3,038,394	3,219,442	3,411,289
FM Fees	PHP	2,119,398	2,933,636	3,047,780	3,168,674	3,296,716	3,432,330
TOTAL OPERATING EXPENSES	PHP	22,175,433	31,071,768	32,656,081	34,324,447	36,081,359	37,931,552
NET OPERATING INCOME	PHP	35,133,503	49,663,957	52,649,838	55,812,180	59,161,435	62,708,679
Capital Expenditures	PHP	1,132,233	1,600,222	1,696,235	1,798,009	1,905,890	2,020,243
NET OPERATING INCOME AFTER CAP	PHP	34,001,270	48,063,735	50,953,603	54,014,170	57,255,545	60,688,435
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	32,287,056	41,154,512	39,340,644	37,604,594	35,943,253	34,553,611
Net present value (NPV)	PHP	727,908,774					
Rounded to:	PHP	727,910,000					

ANNEX A

ROBINSONS LAND CORPORATION
CYBERGATE DAVAO
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	71,381,933	75,664,849	80,204,740	85,017,025	90,118,046	
Aircon Charges - net	PHP	18,521,477	19,447,551	20,419,929	21,440,925	22,512,971	
Common use service area charges - net	PHP	16,442,246	17,264,358	18,127,576	19,033,955	19,985,653	
GROSS REVENUES	PHP	106,345,656	112,376,758	118,752,245	125,491,905	132,616,670	
Less: Operating Expenses							
Contracted Services	PHP	9,440,145	9,912,152	10,407,759	10,928,147	11,474,555	
Net Utilities	PHP	8,559,399	8,987,368	9,436,737	9,908,574	10,404,002	
Repair & Maintenance	PHP	4,301,373	4,516,441	4,742,263	4,979,377	5,228,345	
Advertising & Promotion	PHP	174,212	182,923	192,069	201,673	211,756	
Taxes & Licenses	PHP	4,026,761	4,228,099	4,439,504	4,661,479	4,894,553	
Insurance	PHP	2,703	2,838	2,980	3,129	3,285	
Supplies	PHP	155,445	163,218	171,378	179,947	188,945	
Other G&A	PHP	1,032,695	1,084,330	1,138,546	1,195,474	1,255,247	
Land Lease	PHP	4,996,735	5,296,539	5,614,332	5,951,192	6,308,263	
PM Fees	PHP	3,614,582	3,830,002	4,058,276	4,300,169	4,556,496	
FM Fees	PHP	3,575,967	3,728,100	3,889,234	4,059,902	4,240,670	
TOTAL OPERATING EXPENSES	PHP	39,880,016	41,932,011	44,093,078	46,369,062	48,766,118	
NET OPERATING INCOME	PHP	66,465,640	70,444,748	74,659,166	79,122,843	83,850,552	
Capital Expenditures	PHP	2,141,458	2,269,945	2,406,142	2,550,511	2,703,541	
NET OPERATING INCOME AFTER CAP	PHP	64,324,182	68,174,802	72,253,024	76,572,332	81,147,010	1,057,930,233
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	32,832,757	31,377,880	29,986,265	28,655,292	27,382,438	356,990,471
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Imus

Aguinaldo Highway, Tanzang Luma V
Imus City, Province of Cavite
BCG24-C04418-001.5 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.5**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Imus** located along Aguinaldo Highway, Tanzang Luma V, Imus City, Province of Cavite.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Imus** located along Aguinaldo Highway, Tanzang Luma V, Imus City, Province of Cavite.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ' X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ' X Y Z] b Y X ' U g ' ĩ Z i b X U a Y b h U ' ' a Y U g i f Y a Y b h ' U g g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value:

Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
THREE BILLION
THREE HUNDRED FIFTY-SEVEN MILLION
FIVE HUNDRED EIGHTY THOUSAND ONLY**
(In Words)

PHP3,357,580,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** ~~the estimated amount~~ for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ~~1~~

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Imus is the first full-service retail mall to ever emerge in the area, nestled among the commercial buildings, educational institutions, and residential subdivisions. It is a four-storey shopping complex with over 150 local and some international brands, stores, food options, an entertainment center, and service outlets. It is situated along the busy Gen. Emilio Aguinaldo Highway.



Figure 1: Robinsons Imus

6.2 Location

The property appraised, identified as the Robinsons Imus, is located along Aguinaldo Highway, Tanzang Luma V, Imus, Province of Cavite.

The property is located in an area where land development is generally for commercial as well as residential usage.

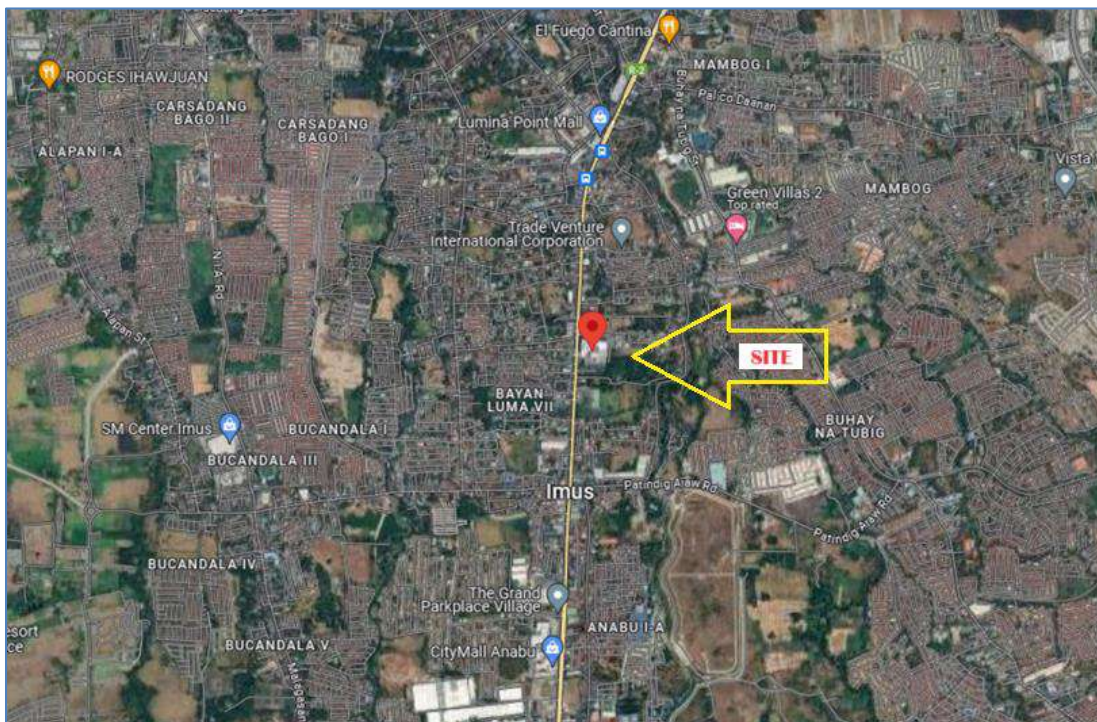


Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 65,452.88 sq. m. and a gross leasable area of 37,376.22 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 97% occupied with a Weighted Average Lease Expiry (WALE) of 1.85 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** is based on the principle that a prudent buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The cost approach is based on the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** is based on the principle that the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

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7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
THREE BILLION
THREE HUNDRED FIFTY-SEVEN MILLION
FIVE HUNDRED EIGHTY THOUSAND ONLY**
(In Words)

PHP3,357,580,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS IMUS
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	186,341,469	263,362,609	279,164,366	295,914,228	313,669,081	332,489,226
Aircon Charges - net	PHP	26,232,656	36,725,719	38,562,004	40,490,105	42,514,610	44,640,340
Common use service area charges - net	PHP	27,129,119	37,980,766	39,879,805	41,873,795	43,967,484	46,165,859
Parking Income	PHP	-	-	-	-	-	-
Commission	PHP	2,577,464	3,608,450	3,788,873	3,978,316	4,177,232	4,386,094
Other Income	PHP	26,055	36,477	38,301	40,216	42,227	44,338
GROSS REVENUES	PHP	242,306,763	341,714,021	361,433,348	382,296,659	404,370,634	427,725,857
Less: Operating Expenses							
Contracted Services	PHP	16,822,374	23,551,323	24,728,889	25,965,334	27,263,600	28,626,781
Net Utilities	PHP	15,561,812	21,786,536	22,875,863	24,019,656	25,220,639	26,481,671
Repair & Maintenance	PHP	7,424,269	10,393,977	10,913,676	11,459,360	12,032,328	12,633,944
Advertising & Promotion	PHP	2,796,000	3,914,400	4,110,120	4,315,626	4,531,407	4,757,978
Rent Expenses	PHP	-	-	-	-	-	-
Taxes & Licenses	PHP	2,744,602	3,842,442	4,034,564	4,236,293	4,448,107	4,670,513
Insurance	PHP	2,670	3,738	3,925	4,121	4,327	4,543
Supplies	PHP	444,588	622,423	653,544	686,221	720,533	756,559
Other G&A	PHP	2,519,412	3,527,177	3,703,536	3,888,712	4,083,148	4,287,305
Carpark Expenses	PHP	-	-	-	-	-	-
Land Lease	PHP	13,043,903	18,435,383	19,541,506	20,713,996	21,956,836	23,274,246
PM Fees	PHP	9,209,187	13,013,611	13,792,285	14,617,574	15,492,267	16,419,323
FM Fees	PHP	10,119,150	13,995,282	14,528,370	15,093,257	15,691,840	16,326,131
TOTAL OPERATING EXPENSES	PHP	80,687,965	113,086,292	118,886,279	125,000,150	131,445,032	138,238,994
NET OPERATING INCOME	PHP	161,618,797	228,627,729	242,547,069	257,296,509	272,925,603	289,486,863
Capital Expenditures	PHP	5,590,244	7,900,878	8,374,931	8,877,427	9,410,072	9,974,677
NET OPERATING INCOME AFTER CAP	PHP	156,028,553	220,726,851	234,172,138	248,419,083	263,515,530	279,512,186
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	148,162,192	188,997,087	180,801,401	172,949,038	165,426,866	158,222,121
Net present value (NPV)	PHP	3,357,582,735					
Rounded to:	PHP	3,357,580,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS IMUS
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	352,438,580	373,584,894	395,999,988	419,759,987	444,945,587	
Aircon Charges - net	PHP	46,872,357	49,215,975	51,676,774	54,260,613	56,973,643	
Common use service area charges - net	PHP	48,474,152	50,897,859	53,442,752	56,114,890	58,920,634	
Parking Income	PHP	-	-	-	-	-	
Commission	PHP	4,605,398	4,835,668	5,077,452	5,331,324	5,597,890	
Other Income	PHP	46,555	48,883	51,327	53,893	56,588	
GROSS REVENUES	PHP	452,437,042	478,583,280	506,248,293	535,520,707	566,494,342	
Less: Operating Expenses							
Contracted Services	PHP	30,058,120	31,561,026	33,139,077	34,796,031	36,535,832	
Net Utilities	PHP	27,805,755	29,196,042	30,655,844	32,188,637	33,798,068	
Repair & Maintenance	PHP	13,265,641	13,928,924	14,625,370	15,356,638	16,124,470	
Advertising & Promotion	PHP	4,995,877	5,245,670	5,507,954	5,783,352	6,072,519	
Rent Expenses	PHP	-	-	-	-	-	
Taxes & Licenses	PHP	4,904,038	5,149,240	5,406,702	5,677,037	5,960,889	
Insurance	PHP	4,770	5,009	5,259	5,522	5,799	
Supplies	PHP	794,387	834,107	875,812	919,602	965,583	
Other G&A	PHP	4,501,671	4,726,754	4,963,092	5,211,246	5,471,809	
Carpark Expenses	PHP	-	-	-	-	-	
Land Lease	PHP	24,670,701	26,150,943	27,719,999	29,383,199	31,146,191	
PM Fees	PHP	17,401,879	18,443,258	19,546,983	20,716,788	21,956,631	
FM Fees	PHP	16,998,263	17,710,495	18,465,221	19,264,980	20,112,461	
TOTAL OPERATING EXPENSES	PHP	145,401,101	152,951,467	160,911,314	169,303,034	178,150,253	
NET OPERATING INCOME	PHP	307,035,941	325,631,813	345,336,979	366,217,674	388,344,090	
Capital Expenditures	PHP	10,573,157	11,207,547	11,880,000	12,592,800	13,348,368	
NET OPERATING INCOME AFTER CAP	PHP	296,462,783	314,424,266	333,456,979	353,624,874	374,995,722	
TERMINAL VALUE	PHP						4,888,896,212
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	151,322,415	144,715,739	138,390,459	132,335,320	126,539,440	1,649,720,657
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Los Baños

Lopez Avenue, Batong Malaki
Los Baños, Province of Laguna
BCG24-C04418-001.6 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.6**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Los Baños** fl h \ Y ' Î D F C D e a t e d a l o n g L o p e z A v e n u e , B a t o n g M a l a k i , L o s B a ñ o s , P r o v i n c e o f L a g u n a .

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Los Baños** located along Lopez Avenue, Batong Malaki, Los Baños, Province of Laguna.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ' X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ' X Y Z] b Y X ' U g ' ĩ Z i b X U a Y b h U ' ' a Y U g i f Y a Y b h ' U g g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

PESOS:
SIX HUNDRED THREE MILLION
EIGHT HUNDRED SEVENTY THOUSAND ONLY
(In Words)

PHP603,870,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
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1.1 ROBINSONS LAND CORPORATION

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This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

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The basis of value shall be **market value** ~~the estimated amount~~ for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ~~1~~

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Los Baños offers the locals a place to have fun and excitement in an area rich in flora and fauna, as well as government offices, economic centers, and educational institutions. Robinsons Town Mall Los Baños was constructed to give the locals, workers, and students of Los Baños, Laguna, access to a top-notch shopping experience. This three-storey community mall, which is close to the University of the Philippines and across from the Los Baños church, has more than thirty retail stores, fast food restaurants, and service facilities.



Figure 1: Robinsons Los Baños

6.2 Location

The property appraised, identified as the Robinsons Los Baños, is located on the southwest side of Lopez Avenue, about 100 meters southeast from Calamba-Los Baños National Road, within Barangay Batong Malake, Los Baños, Laguna.

The site is approximately 1.0 kilometer north from the University of the Philippines-Los Baños campus, some 3.5 kilometers west from Bay-Calauan Provincial Road, and about 10.4 kilometers east from Calamba Crossing.

The property is located along the stretch of Lopez Avenue where land development is generally for commercial usage.

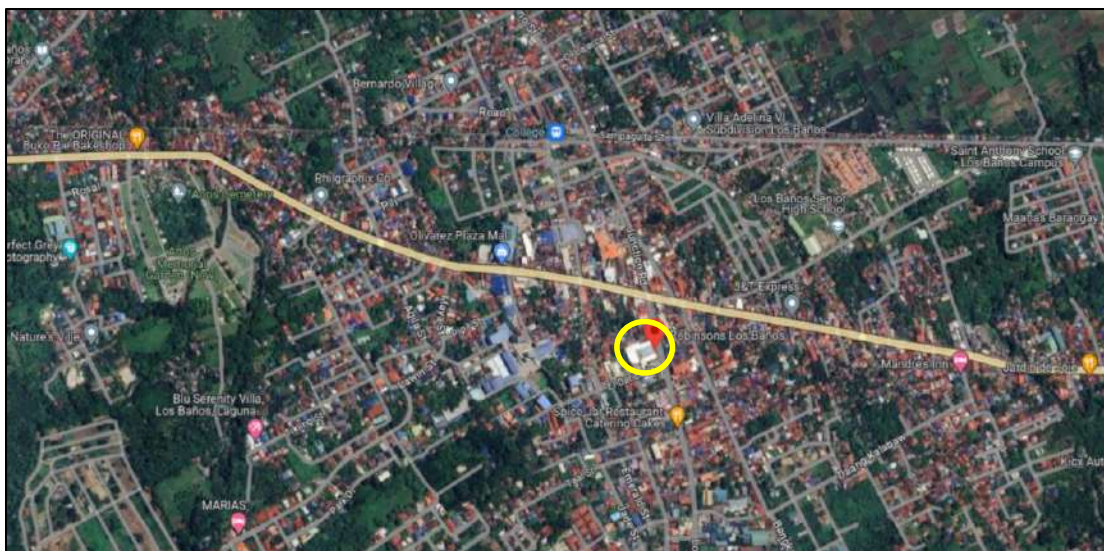


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 9,579.48 sq. m. and a gross leasable area of 5,317.39 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 96% occupied with a Weighted Average Lease Expiry (WALE) of 0.75 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** provides an indication of value based on the cost to the buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved in the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** provides an indication of value based on reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

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7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

PESOS:
SIX HUNDRED THREE MILLION
EIGHT HUNDRED SEVENTY THOUSAND ONLY
(In Words)

PHP603,870,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LOS BANOS
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	39,358,853	55,627,179	58,964,810	62,502,699	66,252,861	70,228,032
Aircon Charges - net	PHP	5,365,731	7,512,023	7,887,625	8,282,006	8,696,106	9,130,911
Common use service area charges - net	PHP	5,228,844	7,320,382	7,686,401	8,070,721	8,474,257	8,897,970
Parking Income	PHP	2,416,500	3,318,660	3,418,220	3,520,766	3,626,389	3,735,181
Commission	PHP	10,263	14,369	15,087	15,841	16,633	17,465
Other Income	PHP	18,306	25,628	26,909	28,255	29,668	31,151
GROSS REVENUES	PHP	52,398,498	73,818,241	77,999,052	82,420,288	87,095,914	92,040,711
Less: Operating Expenses							
Contracted Services	PHP	4,670,666	6,538,932	6,865,879	7,209,173	7,569,632	7,948,113
Net Utilities	PHP	6,048,871	8,468,419	8,891,840	9,336,432	9,803,254	10,293,417
Repair & Maintenance	PHP	2,982,553	4,175,574	4,384,353	4,603,570	4,833,749	5,075,436
Advertising & Promotion	PHP	552,000	772,800	811,440	852,012	894,613	939,343
Taxes & Licenses	PHP	683,807	957,330	1,005,197	1,055,457	1,108,229	1,163,641
Insurance	PHP	1,685	2,359	2,477	2,601	2,731	2,868
Supplies	PHP	33,195	46,473	48,797	51,237	53,799	56,489
Other G&A	PHP	397,893	557,051	584,903	614,149	644,856	677,099
Carpark Expenses	PHP	1,401,426	1,961,996	2,060,096	2,163,101	2,271,256	2,384,819
Land Lease	PHP	2,755,120	3,893,903	4,127,537	4,375,189	4,637,700	4,915,962
PM Fees	PHP	1,838,191	2,597,683	2,753,275	2,918,228	3,093,108	3,278,511
FM Fees	PHP	1,843,495	2,549,519	2,646,579	2,749,508	2,858,663	2,974,423
TOTAL OPERATING EXPENSES	PHP	23,208,903	32,522,041	34,182,373	35,930,657	37,771,590	39,710,121
NET OPERATING INCOME	PHP	29,189,595	41,296,200	43,816,679	46,489,631	49,324,324	52,330,589
Capital Expenditures	PHP	1,180,766	1,668,815	1,768,944	1,875,081	1,987,586	2,106,841
NET OPERATING INCOME AFTER CAP	PHP	28,008,829	39,627,385	42,047,735	44,614,550	47,336,739	50,223,748
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	26,596,731	33,930,898	32,464,534	31,060,591	29,716,534	28,429,916
Net present value (NPV)	PHP	603,870,449					
Rounded to:	PHP	603,870,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LOS BANOS
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	74,441,714	78,908,217	83,642,710	88,661,273	93,980,949	
Aircon Charges - net	PHP	9,587,457	10,066,830	10,570,171	11,098,680	11,653,614	
Common use service area charges - net	PHP	9,342,868	9,810,012	10,300,512	10,815,538	11,356,315	
Parking Income	PHP	3,847,236	3,962,654	4,081,533	4,203,979	4,330,099	
Commission	PHP	18,338	19,255	20,218	21,229	22,290	
Other Income	PHP	32,709	34,344	36,061	37,864	39,757	
GROSS REVENUES	PHP	97,270,323	102,801,312	108,651,206	114,838,563	121,383,024	
Less: Operating Expenses							
Contracted Services	PHP	8,345,519	8,762,795	9,200,934	9,660,981	10,144,030	
Net Utilities	PHP	10,808,087	11,348,492	11,915,916	12,511,712	13,137,298	
Repair & Maintenance	PHP	5,329,208	5,595,669	5,875,452	6,169,225	6,477,686	
Advertising & Promotion	PHP	986,310	1,035,626	1,087,407	1,141,778	1,198,866	
Taxes & Licenses	PHP	1,221,823	1,282,914	1,347,060	1,414,413	1,485,133	
Insurance	PHP	3,011	3,162	3,320	3,486	3,660	
Supplies	PHP	59,313	62,279	65,393	68,662	72,096	
Other G&A	PHP	710,954	746,501	783,827	823,018	864,169	
Carpark Expenses	PHP	2,504,060	2,629,263	2,760,726	2,898,762	3,043,700	
Land Lease	PHP	5,210,920	5,523,575	5,854,990	6,206,289	6,578,666	
PM Fees	PHP	3,475,074	3,683,467	3,904,405	4,138,643	4,386,983	
FM Fees	PHP	3,097,189	3,227,386	3,365,466	3,511,908	3,667,220	
TOTAL OPERATING EXPENSES	PHP	41,751,468	43,901,129	46,164,896	48,548,877	51,059,508	
NET OPERATING INCOME	PHP	55,518,855	58,900,183	62,486,310	66,289,686	70,323,516	
Capital Expenditures	PHP	2,233,251	2,367,247	2,509,281	2,659,838	2,819,428	
NET OPERATING INCOME AFTER CAP	PHP	53,285,603	56,532,937	59,977,029	63,629,848	67,504,088	
TERMINAL VALUE	PHP						880,064,652
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	27,198,376	26,019,638	24,891,513	23,811,889	22,778,738	296,971,090
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Lipa

Mataas Na Lupa, Lipa City, Batangas
BCG24-C04418-001.8 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.8**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Lipa** fl h \ Y ' ĩ D F C Dated 10 May 2024. President Jose P. Laurel Highway, Barangay Mataas na Lupa, Lipa City, Province of Batangas.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Lipa** located along President Jose P. Laurel Highway, Barangay Mataas na Lupa, Lipa City, Province of Batangas.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ' X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ' X Y Z] b Y X ' U g ' ĩ fundamental measi f Y a Y b h ' U g g i a d h] c b g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
FIVE BILLION
SIX HUNDRED SEVENTY-ONE MILLION
FOUR HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP5,671,430,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" .

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Place Lipa is a full-service shopping center conveniently located in the center of Lipa community. The mall is a well-known icon and tourist destination in Lipa because of its revitalizing atmosphere. Robinsons Place Lipa has taken the lead in introducing a comprehensive mall experience by offering its guests and frequent mall visitors delectable dining options, reasonably priced retail options, and thrilling entertainment venues.



Figure 1: Robinsons Lipa

6.2 Location

The property appraised, identified as the Robinsons Place-Lipa, is located on the northwest side of the National Road, partly extending northeastward to a barangay road, or about 300 meters east from De La Salle-University (DLSU)-Lipa City Campus, within Barangay Mataas na Lupa, Lipa City.

The site is approximately 1.3 kilometers northeast from STAR Tollway, some 2.7 kilometers southeast from Lipa City Hall, and about 25.0 kilometers from Batangas City.

The property is located in an area where land development is generally for commercial usage.

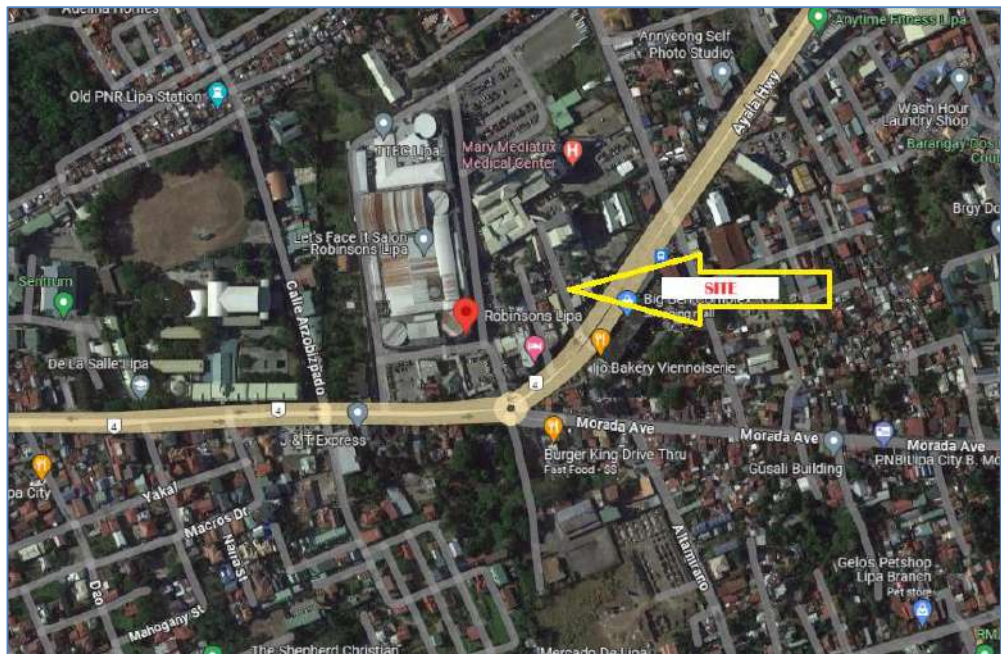


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 59,190.69 sq. m. and a gross leasable area of 43,692.11 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 98% occupied with a Weighted Average Lease Expiry (WALE) of 1.79 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

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such that:

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From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

7`] Y b h Ñ g` X Y V h` h c` Y e i] h m` f U h] c`] g` U h` `) # *) "

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
FIVE BILLION
SIX HUNDRED SEVENTY-ONE MILLION
FOUR HUNDRED THIRTY THOUSAND ONLY**
(In Words)

PHP5,671,430,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LIPA
DISCOUNTED CASH FLOW

as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	277,089,073	391,619,224	415,116,377	440,023,360	466,424,761	494,410,247
Aircon Charges - net	PHP	44,858,721	62,802,210	65,942,320	69,239,436	72,701,408	76,336,478
Common use service area charges - net	PHP	42,267,023	59,173,833	62,132,524	65,239,151	68,501,108	71,926,164
Parking Income	PHP	16,650,000	22,866,000	23,551,980	24,258,539	24,986,296	25,735,884
Commission	PHP	3,151,609	4,412,253	4,632,865	4,864,509	5,107,734	5,363,121
Other Income	PHP	100,682	140,954	148,002	155,402	163,172	171,331
GROSS REVENUES	PHP	384,117,109	541,014,473	571,524,069	603,780,397	637,884,479	673,943,225
Less: Operating Expenses							
Contracted Services	PHP	19,115,498	25,487,330	28,099,782	29,504,771	30,980,009	32,529,010
Net Utilities	PHP	12,946,133	17,261,510	19,030,815	19,982,356	20,981,473	22,030,547
Repair & Maintenance	PHP	10,532,804	14,043,738	15,483,221	16,257,382	17,070,251	17,923,764
Advertising & Promotion	PHP	2,578,500	3,438,000	3,790,395	3,979,915	4,178,910	4,387,856
Taxes & Licenses	PHP	2,957,398	3,943,198	4,347,376	4,564,744	4,792,982	5,032,631
Insurance	PHP	3,110,411	4,147,214	4,572,304	4,800,919	5,040,965	5,293,013
Supplies	PHP	93,558	124,744	137,530	144,407	151,627	159,209
Other G&A	PHP	1,894,478	2,525,971	2,784,883	2,924,127	3,070,334	3,223,850
Carpark Expenses	PHP	4,210,124	5,613,499	6,188,882	6,498,327	6,823,243	7,164,405
Land Lease	PHP	19,396,235	25,861,647	29,058,146	30,801,635	32,649,733	34,608,717
PM Fees	PHP	14,458,312	19,277,749	21,614,106	22,887,137	24,235,642	25,664,112
FM Fees	PHP	17,059,369	22,745,825	24,437,076	25,357,263	26,331,073	27,361,658
TOTAL OPERATING EXPENSES	PHP	108,352,819	144,470,426	159,544,516	167,702,983	176,306,243	185,378,772
NET OPERATING INCOME	PHP	275,764,289	396,544,047	411,979,553	436,077,413	461,578,236	488,564,453
Capital Expenditures	PHP	8,312,672	11,748,577	12,453,491	13,200,701	13,992,743	14,832,307
NET OPERATING INCOME AFTER CAP	PHP	267,451,617	384,795,471	399,526,061	422,876,713	447,585,493	473,732,146
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	253,967,733	329,480,635	308,469,113	294,406,211	280,980,272	268,163,281
Net present value (NPV)	PHP	5,671,431,482					
Rounded to:	PHP	5,671,430,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS LIPA
DISCOUNTED CASH FLOW

as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	524,074,862	555,519,353	588,850,515	624,181,545	661,632,438	
Aircon Charges - net	PHP	80,153,302	84,160,967	88,369,016	92,787,467	97,426,840	
Common use service area charges - net	PHP	75,522,472	79,298,595	83,263,525	87,426,701	91,798,037	
Parking Income	PHP	26,507,961	27,303,200	28,122,296	28,965,965	29,834,944	
Commission	PHP	5,631,277	5,912,841	6,208,483	6,518,907	6,844,852	
Other Income	PHP	179,897	188,892	198,337	208,253	218,666	
GROSS REVENUES	PHP	712,069,771	752,383,849	795,012,171	840,088,839	887,755,777	
Less: Operating Expenses							
Contracted Services	PHP	34,155,460	35,863,233	37,656,395	39,539,215	41,516,176	
Net Utilities	PHP	23,132,074	24,288,678	25,503,112	26,778,268	28,117,181	
Repair & Maintenance	PHP	18,819,952	19,760,950	20,748,997	21,786,447	22,875,770	
Advertising & Promotion	PHP	4,607,249	4,837,611	5,079,492	5,333,466	5,600,140	
Taxes & Licenses	PHP	5,284,262	5,548,475	5,825,899	6,117,194	6,423,054	
Insurance	PHP	5,557,664	5,835,547	6,127,324	6,433,690	6,755,375	
Supplies	PHP	167,169	175,527	184,304	193,519	203,195	
Other G&A	PHP	3,385,043	3,554,295	3,732,010	3,918,610	4,114,541	
Carpark Expenses	PHP	7,522,625	7,898,757	8,293,694	8,708,379	9,143,798	
Land Lease	PHP	36,685,240	38,886,355	41,219,536	43,692,708	46,314,271	
PM Fees	PHP	27,177,306	28,780,269	30,478,344	32,277,193	34,182,819	
FM Fees	PHP	28,452,356	29,606,705	30,828,449	32,121,557	33,490,230	
TOTAL OPERATING EXPENSES	PHP	194,946,402	205,036,402	215,677,556	226,900,247	238,736,547	
NET OPERATING INCOME	PHP	517,123,369	547,347,447	579,334,614	613,188,591	649,019,229	
Capital Expenditures	PHP	15,722,246	16,665,581	17,665,515	18,725,446	19,848,973	
NET OPERATING INCOME AFTER CAP	PHP	501,401,123	530,681,866	561,669,099	594,463,145	629,170,256	8,202,621,787
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor		0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	255,928,343	244,249,655	233,102,467	222,463,057	212,308,694	2,767,912,022
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Cabanatuan

Maharlika Highway, Barangay H. Concepcion
Cabanatuan City, Province of Nueva Ecija
BCG24-C04418-001.9 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.9**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Cabanatuan** fl h \ Y ` Ĩ D F C D C E H a l o n g M a h a r l i k a H i g h w a y , B a r a n g a y H . C o n c e p c i o n , C a b a n a t u a n C i t y , P r o v i n c e o f N u e v a E c i j a .

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Cabanatuan** located along Maharlika Highway, Barangay H. Concepcion, Cabanatuan City, Province of Nueva Ecija.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ` X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ` X Y Z] b Y e x e m p l e o f t h e Z i b X U a Y b h U ` ` a Y U g i f Y a Y b h ` U g g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
EIGHT HUNDRED EIGHTY-FOUR MILLION
FIVE HUNDRED SEVENTY THOUSAND ONLY**
(In Words)

PHP884,570,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** ~~the estimated amount~~ for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ~~1~~

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Cabanatuan is a shopping mall located Maharlika Highway, Cabanatuan, Philippines. The mall was built beside NE Pacific Mall in 2007. The mall is a 3-storey building which is mainly occupied by the Robinsons Department Store on the 2nd and 3rd floors, Robinsons Appliances and Handyman Do-It Best Hardware is located on the 2nd floor while Robinsons Supermarket is located in the 1st floor.



Figure 1: Robinsons Cabanatuan

6.2 Location

The property appraised, identified as the Robinsons Cabanatuan, is located on the northwest side of Maharlika Highway, just beside NE Pacific Mall, near Kilometer Post No. 111, within Barangay H. Concepcion, Cabanatuan City.

600 meters southwest from the intersection of Maharlika Highway and M. De Leon Avenue, about 800 meters south from the city hall, and approximately 3.5 kilometers southwest from Cabanatuan City proper.

The property is located in an area where land development is generally for commercial usage.

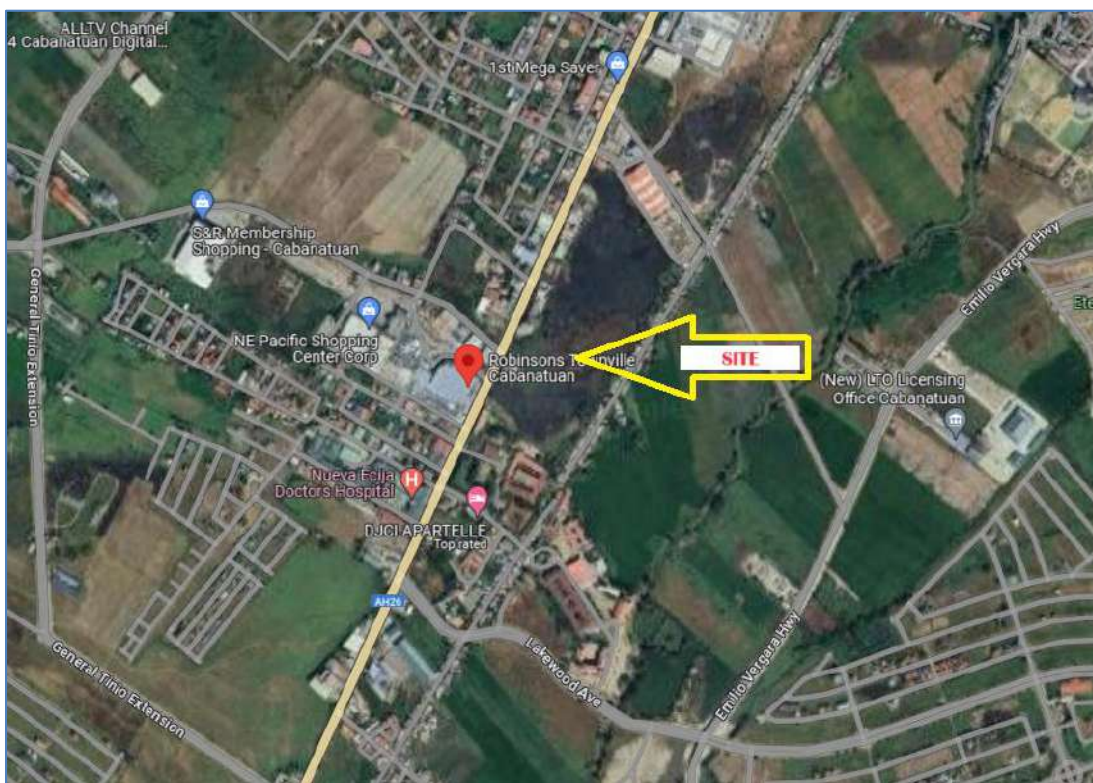


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 17,955.70 sq. m. and a gross leasable area of 15,811.00 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 4.50 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** provides an indication of value based on the cost to the buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors involved in the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** provides an indication of value based on reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

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7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
EIGHT HUNDRED EIGHTY-FOUR MILLION
FIVE HUNDRED SEVENTY THOUSAND ONLY**
(In Words)

PHP884,570,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CABANATUAN
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	52,579,927	74,312,963	78,771,741	83,498,046	88,507,928	93,818,404
GROSS REVENUES	PHP	52,579,927	74,312,963	78,771,741	83,498,046	88,507,928	93,818,404
Less: Operating Expenses							
Taxes & Licenses	PHP	1,232,493	1,725,490	1,811,765	1,902,353	1,997,470	2,097,344
Land Lease	PHP	3,680,595	5,201,907	5,514,022	5,844,863	6,195,555	6,567,288
PM Fees	PHP	2,530,735	3,577,100	3,792,071	4,019,958	4,261,536	4,517,628
FM Fees	PHP	2,650,839	3,668,495	3,810,608	3,961,279	4,121,022	4,290,382
TOTAL OPERATING EXPENSES	PHP	10,094,662	14,172,993	14,928,466	15,728,453	16,575,583	17,472,642
NET OPERATING INCOME	PHP	42,485,265	60,139,971	63,843,275	67,769,593	71,932,345	76,345,762
Capital Expenditures	PHP	1,577,398	2,229,389	2,363,152	2,504,941	2,655,238	2,814,552
NET OPERATING INCOME AFTER CAP	PHP	40,907,867	57,910,582	61,480,123	65,264,651	69,277,108	73,531,210
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	38,845,450	49,585,862	47,468,040	45,437,164	43,490,017	41,623,459
Net present value (NPV)	PHP	884,567,657					
Rounded to:	PHP	884,570,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CABANATUAN
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	99,447,508	105,414,359	111,739,220	118,443,574	125,550,188	
GROSS REVENUES	PHP	99,447,508	105,414,359	111,739,220	118,443,574	125,550,188	
Less: Operating Expenses							
Taxes & Licenses	PHP	2,202,211	2,312,322	2,427,938	2,549,335	2,676,802	
Land Lease	PHP	6,961,326	7,379,005	7,821,745	8,291,050	8,788,513	
PM Fees	PHP	4,789,105	5,076,891	5,381,967	5,705,371	6,048,203	
FM Fees	PHP	4,469,939	4,660,306	4,862,134	5,076,112	5,302,971	
TOTAL OPERATING EXPENSES	PHP	18,422,580	19,428,524	20,493,784	21,621,867	22,816,488	
NET OPERATING INCOME	PHP	81,024,928	85,985,834	91,245,436	96,821,706	102,733,700	
Capital Expenditures	PHP	2,983,425	3,162,431	3,352,177	3,553,307	3,766,506	
NET OPERATING INCOME AFTER CAP	PHP	78,041,503	82,823,404	87,893,259	93,268,399	98,967,194	
TERMINAL VALUE	PHP						1,290,255,625

NET PRESENT VALUE

Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	39,834,439	38,119,991	36,477,235	34,903,380	33,395,723	435,386,898
Net present value (NPV)	PHP						

Rounded to:

PHP

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Cybergate Delta 2

Barangay Paciano Bangoy, Agdao District
Davao City, Province of Davao del Sur
BCG24-C04418-001.10 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila

c C n - e

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.10**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of *Cybergate Delta 2* located along J. P. Laurel Avenue, Barangay Paciano Bangoy, Agdao District, Davao City, Province of Davao del Sur.

- Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).
- Subject of the valuation: The subject of the valuation is the *Cybergate Delta 2* located along J. P. Laurel Avenue, Barangay Paciano Bangoy, Agdao District, Davao City, Province of Davao del Sur.
- Basis of value: The valuation was made on the basis of *market value*.

Market value C the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

Meanwhile, a **basis of value** C C C
fundamental me C
(IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
THREE HUNDRED EIGHTEEN MILLION
FOUR HUNDRED NINETY THOUSAND ONLY**
(In Words)

PHP1,318,490,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** C C the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Cybergate Delta 2 is a 7-storey premium-grade office building developed by Robinsons Land Corporation. It is prominently located along J.P. Laurel Avenue, Davao City. This prime building offers a total of 6 office floors tailored fit for BPO, I.T, and commercial companies. It has a gross leasable area of 17, 500 sq m and a typical floor plate of 2, 500 sq m. It features expertly designed office spaces equipped with sustainable green building features to foster a conducive and comfortable working environment. Located within the PEZA-registered Cyberpark, locators could greatly benefit from this state-of-the-art building. It also features modern amenities which include fiber-optic ready cable, 100% back-up power, VRF air-conditioning system, and multiple Telco providers. It also provides commercial spaces on the ground floor which allows tenants to have a wide selection of dining and retail options. Due to its close proximity to Bajada which is the main thoroughfare in Davao City, access to public transport is always available for commuting employees.



Figure 1: Cybergate Delta 2

6.2 Location

The property appraised, identified as the Cybergate Delta 2, is located along J.P. Laurel Avenue, Barangay Paciano Bangoy, Agdao District, Davao City, Province of Davao del Sur.

The site is approximately 5.2 kilometers northeast from Davao City Hall, some 6.1 kilometers southwest from the Davao International Airport, and approximately 3.4 kilometers northwest from Ramon Magsaysay Park.

The property is located in an area where land development is generally for commercial usage.

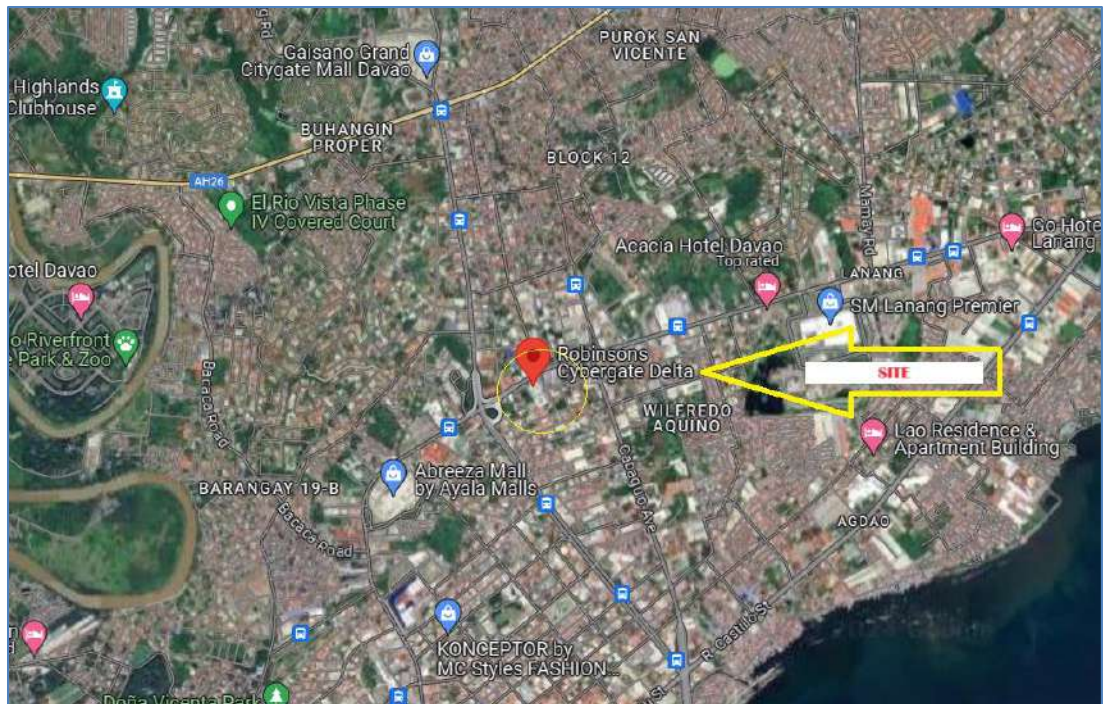


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is an office building with an aggregate gross floor area of 21,174.96 sq. m. and a gross leasable area of 15,404.63 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 100% occupied with a Weighted Average Lease Expiry (WALE) of 2.57 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors inv replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

C C C C C C C t v n w v

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the office rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 4.5% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
THREE HUNDRED EIGHTEEN MILLION
FOUR HUNDRED NINETY THOUSAND ONLY**
(In Words)

PHP1,318,490,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
CYBERGATE DELTA 2
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	66,128,564	91,784,541	95,486,954	97,187,877	104,580,732	107,718,154
Other Income							
Management Dues - net	PHP	12,749,477	16,999,303	16,999,303	16,999,303	16,999,303	17,169,296
Aircon Dues - Income	PHP	10,071,306	13,428,408	13,428,408	13,428,408	13,428,408	13,562,692
Other Areas	PHP	1,182,136	1,623,467	1,655,936	1,672,495	1,689,220	1,697,666
GROSS REVENUES	PHP	90,131,483	123,835,719	127,570,601	129,288,084	136,697,663	140,147,808
Less: Operating Expenses							
Contracted Services	PHP	1,933,006	2,654,661	2,734,301	2,816,330	2,900,820	2,987,844
Repairs & Maintenance	PHP	1,934,038	2,684,389	2,792,672	2,842,418	3,058,634	3,150,393
Loss from CUSA	PHP	1,725,963	2,370,323	2,441,433	2,514,676	2,590,116	2,667,819
Other Expense - Other Admin. Expense	PHP	55,763	77,397	80,519	81,954	88,188	90,833
General and Administrative Expense	PHP						
Taxes & Licenses	PHP	224,901	308,864	318,130	327,674	337,505	347,630
Commission Expense	PHP	159,348	221,170	230,091	234,190	252,004	259,564
Insurance Expense	PHP	495,893	688,285	716,049	728,804	784,242	807,770
Communication	PHP	-	-	-	-	-	-
Supplies Expense	PHP	3,980	5,524	5,746	5,849	6,294	6,482
Travel & Transportation	PHP	597	829	863	878	945	973
Representation & Entertainment	PHP	-	-	-	-	-	-
Land Lease	PHP	4,629,000	6,424,918	6,684,087	6,803,151	7,320,651	7,540,271
PM Fees	PHP	3,563,237	4,921,523	5,095,943	5,174,280	5,524,587	5,677,309
FMI Fees	PHP	3,941,530	5,364,131	5,474,989	5,522,779	5,747,693	5,850,242
TOTAL OPERATING EXPENSES	PHP	18,667,255	25,722,015	26,574,823	27,052,983	28,611,679	29,387,131
NET OPERATING INCOME	PHP	71,464,229	98,113,704	100,995,778	102,235,101	108,085,984	110,760,677
Capital Expenditures	PHP	1,983,857	2,753,536	2,864,609	2,915,636	3,137,422	3,231,545
NET OPERATING INCOME AFTER CAP	PHP	69,480,372	95,360,168	98,131,169	99,319,465	104,948,562	107,529,132
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	65,977,438	81,652,023	75,765,858	69,146,081	65,883,448	60,868,499
Net present value (NPV)	PHP	1,318,488,403					
Rounded to:	PHP	1,318,490,000					

ANNEX A

**ROBINSONS LAND CORPORATION
CYBERGATE DELTA 2
DISCOUNTED CASH FLOW**
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	110,949,698	114,278,189	116,563,753	118,895,028	122,461,879	
Other Income							
Management Dues - net	PHP	17,340,989	17,514,399	17,689,543	17,866,438	18,045,103	
Aircon Dues - Income	PHP	13,698,319	13,835,302	13,973,655	14,113,392	14,254,526	
Other Areas	PHP	1,706,155	1,714,686	1,723,259	1,731,875	1,740,535	
GROSS REVENUES	PHP	143,695,161	147,342,576	149,950,210	152,606,733	156,502,042	
Less: Operating Expenses							
Contracted Services	PHP	3,077,480	3,169,804	3,264,898	3,362,845	3,463,731	
Repairs & Maintenance	PHP	3,244,905	3,342,252	3,409,097	3,477,279	3,581,597	
Loss from CUSA	PHP	2,747,854	2,830,289	2,915,198	3,002,654	3,092,734	
Other Expense - Other Admin. Expense	PHP	93,558	96,365	98,292	100,258	103,266	
General and Administrative Expense	PHP						
Taxes & Licenses	PHP	358,059	368,800	379,864	391,260	402,998	
Commission Expense	PHP	267,351	275,372	280,879	286,497	295,092	
Insurance Expense	PHP	832,003	856,963	874,102	891,584	918,332	
Communication	PHP	-	-	-	-	-	
Supplies Expense	PHP	6,677	6,877	7,015	7,155	7,370	
Travel & Transportation	PHP	1,002	1,032	1,053	1,074	1,106	
Representation & Entertainment	PHP	-	-	-	-	-	
Land Lease	PHP	7,766,479	7,999,473	8,159,463	8,322,652	8,572,332	
PM Fees	PHP	5,834,487	5,996,253	6,108,120	6,222,120	6,395,126	
FMI Fees	PHP	5,955,647	6,063,991	6,139,766	6,216,875	6,332,376	
TOTAL OPERATING EXPENSES	PHP	30,185,501	31,007,472	31,637,748	32,282,255	33,166,059	
NET OPERATING INCOME	PHP	113,509,660	116,335,103	118,312,462	120,324,479	123,335,983	
Capital Expenditures	PHP	3,328,491	3,428,346	3,496,913	3,566,851	3,673,856	
NET OPERATING INCOME AFTER CAP	PHP	110,181,169	112,906,758	114,815,550	116,757,628	119,662,127	
TERMINAL VALUE	PHP						1,953,715,840
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	56,239,371	51,966,043	47,650,455	43,693,640	40,379,070	659,266,476
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Palawan

National Highway, Brgy. San Miguel, Puerto Princesa City
BCG24-C04418-001.11 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.11**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Palawan** fl h \ Y ` ĩ D F C D e d a l M g National Highway, Brgy. San Miguel, Puerto Princesa City.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Palawan** located along National Highway, Brgy. San Miguel, Puerto Princesa City.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ` X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ` X Y Z] b Y X ` U g ` ĩ Z i b X U a Y b h U ` ` a Y U g i f Y a Y b h ` U g g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
TWO BILLION
NINE HUNDRED TWENTY-FOUR MILLION
THREE HUNDRED TEN THOUSAND ONLY**
(In Words)

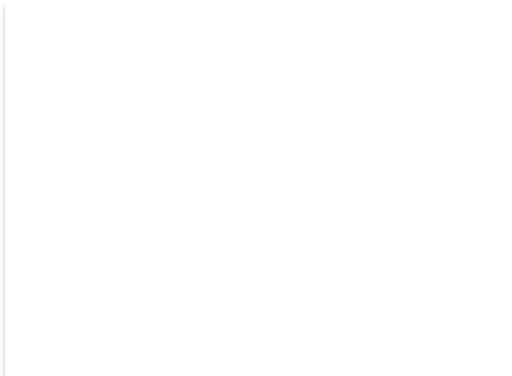
PHP2,924,310,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" .

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Place Palawan, the island's only full-service mall, caters not only the people of Puerto Princesa City but also those living in nearby towns like Roxas and San Vicente in the north and Aborlan, Narra, and Española in the south. Robinsons Supermarket, Robinsons Department Store, Handyman, Robinsons Appliances, Robinsons Bank, and Daiso Japan are the key tenants of the two-storey mall. A 351-seat food court, outdoor dining options, banks, specialized and fashion stores, banks, amusement parks, and stores selling electronics and cellphones are all housed there.



Figure 1: Robinsons Palawan

6.2 Location

The property appraised, identified as the Robinsons Palawan, is located along National Highway, Brgy. San Miguel, Puerto Princesa City.

The site is approximately 3.7 kilometers southeast from Puerto Princesa City Hall, some 3.4 kilometers slightly northwest from the Puerto Princesa International Airport, and approximately 2.3 kilometers northeast from Ospital ng Palawan.

The property is located in an area where land development is generally for commercial and residential usage.

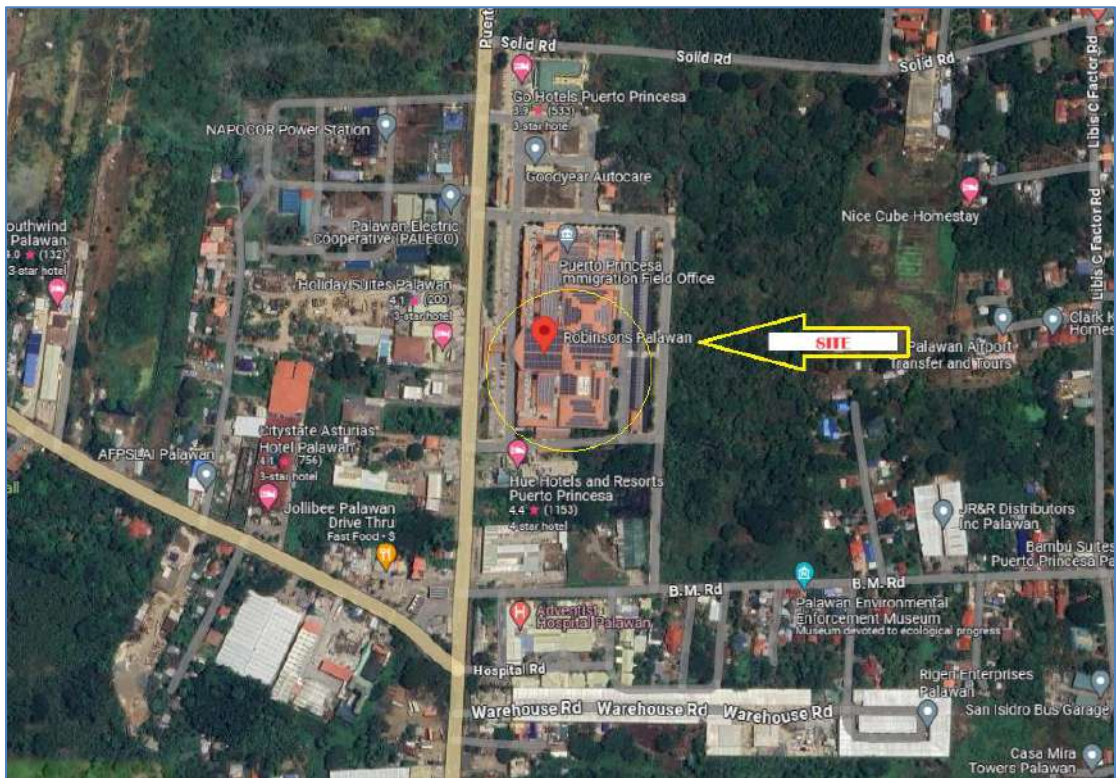


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 44,834.76 sq. m. and a gross leasable area of 26,752.57 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 95% occupied with a Weighted Average Lease Expiry (WALE) of 0.94 year.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** provides an indication of value based on the cost to the buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors justify a higher value. The cost approach is based on the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** provides an indication of value based on the reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

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7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
TWO BILLION
NINE HUNDRED TWENTY-FOUR MILLION
THREE HUNDRED TEN THOUSAND ONLY**
(In Words)

PHP2,924,310,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS PALAWAN
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	169,122,202	239,026,045	253,367,608	268,569,664	284,683,844	301,764,875
Aircon Charges - net	PHP	25,111,512	35,156,116	36,913,922	38,759,618	40,697,599	42,732,479
Common use service area charges - net	PHP	23,956,138	33,538,593	35,215,523	36,976,299	38,825,114	40,766,370
Commission	PHP	1,989,764	2,785,670	2,924,954	3,071,201	3,224,761	3,385,999
Other Income	PHP	26,055	36,477	38,301	40,216	42,227	44,338
GROSS REVENUES	PHP	220,205,670	310,542,901	328,460,307	347,416,998	367,473,545	388,694,061
Less: Operating Expenses							
Contracted Services	PHP	19,553,381	27,374,734	28,743,470	30,180,644	31,689,676	33,274,160
Net Utilities	PHP	16,000,066	22,400,092	23,520,097	24,696,102	25,930,907	27,227,452
Repair & Maintenance	PHP	5,516,317	7,722,843	8,108,986	8,514,435	8,940,157	9,387,164
Advertising & Promotion	PHP	2,856,383	3,998,936	4,198,882	4,408,827	4,629,268	4,860,731
Taxes & Licenses	PHP	4,737,239	6,632,134	6,963,741	7,311,928	7,677,524	8,061,400
Insurance	PHP	3,912	5,477	5,751	6,038	6,340	6,657
Supplies	PHP	1,102,841	1,543,977	1,621,176	1,702,235	1,787,347	1,876,714
Other G&A	PHP	1,140,863	1,597,209	1,677,069	1,760,923	1,848,969	1,941,417
Land Lease	PHP	11,838,554	16,731,823	17,735,733	18,799,876	19,927,869	21,123,541
PM Fees	PHP	8,222,788	11,621,495	12,318,736	13,057,810	13,841,225	14,671,643
FM Fees	PHP	8,603,964	11,912,749	12,379,989	12,875,260	13,400,242	13,956,719
TOTAL OPERATING EXPENSES	PHP	79,576,308	111,541,469	117,273,630	123,314,077	129,679,523	136,387,599
NET OPERATING INCOME	PHP	140,629,363	199,001,433	211,186,677	224,102,922	237,794,021	252,306,461
Capital Expenditures	PHP	5,073,666	7,170,781	7,601,028	8,057,090	8,540,515	9,052,946
NET OPERATING INCOME AFTER CAP	PHP	135,555,697	191,830,651	203,585,649	216,045,832	229,253,506	243,253,515
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	128,721,499	164,254,752	157,185,952	150,410,824	143,918,231	137,697,349
Net present value (NPV)	PHP	2,924,312,178					
Rounded for:	PHP	2,924,310,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS PALAWAN
DISCOUNTED CASH FLOW

as of the date indicated

ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	319,870,767	339,063,013	359,406,794	380,971,202	403,829,474	
Aircon Charges - net	PHP	44,869,103	47,112,558	49,468,186	51,941,595	54,538,675	
Common use service area charges - net	PHP	42,804,688	44,944,922	47,192,169	49,551,777	52,029,366	
Commission	PHP	3,555,299	3,733,064	3,919,717	4,115,703	4,321,489	
Other Income	PHP	46,555	48,883	51,327	53,893	56,588	
GROSS REVENUES	PHP	411,146,412	434,902,441	460,038,193	486,634,170	514,775,591	
Less: Operating Expenses							
Contracted Services	PHP	34,937,868	36,684,761	38,518,999	40,444,949	42,467,197	
Net Utilities	PHP	28,588,825	30,018,266	31,519,179	33,095,138	34,749,895	
Repair & Maintenance	PHP	9,856,523	10,349,349	10,866,816	11,410,157	11,980,665	
Advertising & Promotion	PHP	5,103,768	5,358,956	5,626,904	5,908,249	6,203,662	
Taxes & Licenses	PHP	8,464,470	8,887,694	9,332,078	9,798,682	10,288,617	
Insurance	PHP	6,990	7,339	7,706	8,092	8,496	
Supplies	PHP	1,970,550	2,069,077	2,172,531	2,281,158	2,395,216	
Other G&A	PHP	2,038,488	2,140,413	2,247,433	2,359,805	2,477,795	
Land Lease	PHP	22,390,954	23,734,411	25,158,476	26,667,984	28,268,063	
PM Fees	PHP	15,551,883	16,484,934	17,473,965	18,522,335	19,633,604	
FM Fees	PHP	14,546,579	15,171,826	15,834,582	16,537,098	17,281,759	
TOTAL OPERATING EXPENSES	PHP	143,456,897	150,907,026	158,758,671	167,033,648	175,754,969	
NET OPERATING INCOME	PHP	267,689,516	283,995,414	301,279,521	319,600,522	339,020,622	
Capital Expenditures	PHP	9,596,123	10,171,890	10,782,204	11,429,136	12,114,884	
NET OPERATING INCOME AFTER CAP	PHP	258,093,392	273,823,524	290,497,318	308,171,386	326,905,738	
TERMINAL VALUE	PHP						4,261,937,214
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	131,737,667	126,028,993	120,561,451	115,325,482	110,311,842	1,438,158,135
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Novaliches

Quirino Highway, Novaliches, Quezon City
BCG24-C04418-001.12 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila
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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.12**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Novaliches** fl h \ Y ` Ĩ D F C D e a f e d M o n g Quirino Highway, Novaliches, Quezon City, Metropolitan Manila.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Novaliches** located along Quirino Highway, Novaliches, Quezon City, Metropolitan Manila.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ` X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ` X Y Z] b Y X ` U g ` ĩ Z i b X U a Y b h U ` ` a Y U g i f Y a Y b h ` U g g (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
FIVE BILLION
TWO HUNDRED NINETY-NINE MILLION
FOUR HUNDRED TWENTY THOUSAND ONLY**
(In Words)

PHP5,299,420,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" .

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Part of the mixed-use property development in Novaliches by Robinsons Land Corporation, which also consists of an 8.7-hectare value housing project, Robinsons Novaliches is located in the middle of a densely populated cluster of residential subdivisions, strategically aligned along Quirino Highway. This three-storey retail center offers more than 250 retail businesses, specialty shops, restaurants, entertainment venues, and service centers.



Figure 1: Robinsons Novaliches

6.2 Location

The property appraised, identified as the Robinsons Novaliches, is located along Quirino Highway, Novaliches District, Quezon City, Metropolitan Manila.

The site is approximately 14.6 kilometers slightly northeast from Quezon City Hall, some 3.4 kilometers northeast from Novaliches Proper, approximately 2.3 kilometers northeast from Novaliches General Hospital, and 3.2 kilometers southwest from the La Mesa Nature Reserve.

The property is located in an area where land development is generally for commercial as well as residential usage.

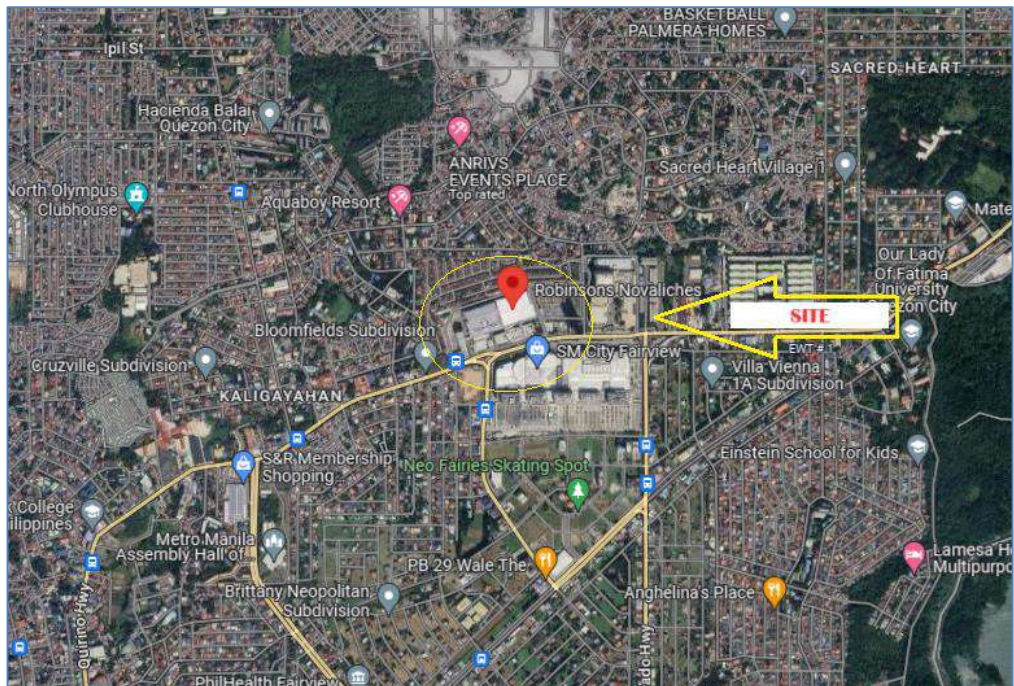


Figure 2: Vicinity Map
Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 70,190.18 sq. m. and a gross leasable area of 53,859.62 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 94% occupied with a Weighted Average Lease Expiry (WALE) of 2.85 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** provides an indication of value based on the cost to the buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors justify a higher value. The cost approach is based on the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** provides an indication of value based on the present value of the expected future benefits derived from the asset. The income approach is based on reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

7`] Y b h Ñ g` X Y V h` h c` Y e i] h m` f U h] c`] g` U h` `) # *) "

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
FIVE BILLION
TWO HUNDRED NINETY-NINE MILLION
FOUR HUNDRED TWENTY THOUSAND ONLY**
(In Words)

PHP5,299,420,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS NOVALICHES
DISCOUNTED CASH FLOW

as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	283,593,863	400,812,660	424,861,420	450,353,105	477,374,291	506,016,749
Aircon Charges - net	PHP	43,647,656	61,106,719	64,162,055	67,370,158	70,738,666	74,275,599
Common use service area charges - net	PHP	39,514,603	55,320,445	58,086,467	60,990,790	64,040,330	67,242,346
Parking Income	PHP	13,088,363	17,974,685	18,513,925	19,069,343	19,641,423	20,230,666
Commission	PHP	1,510,983	2,115,376	2,221,145	2,332,202	2,448,812	2,571,253
Other Income	PHP	29,577	41,408	43,479	45,653	47,935	50,332
GROSS REVENUES	PHP	381,385,046	537,371,293	567,888,490	600,161,250	634,291,457	670,386,944
Less: Operating Expenses							
Contracted Services	PHP	35,918,094	50,285,332	52,799,599	55,439,579	58,211,558	61,122,135
Net Utilities	PHP	6,653,404	9,314,765	9,780,503	10,269,528	10,783,005	11,322,155
Repair & Maintenance	PHP	7,836,125	10,970,576	11,519,104	12,095,060	12,699,813	13,334,803
Advertising & Promotion	PHP	3,202,800	4,483,920	4,708,116	4,943,522	5,190,698	5,450,233
Taxes & Licenses	PHP	7,134,681	9,988,554	10,487,982	11,012,381	11,563,000	12,141,150
Insurance	PHP	4,668,152	6,535,413	6,862,183	7,205,292	7,565,557	7,943,835
Supplies	PHP	383,925	537,495	564,370	592,588	622,218	653,329
Other G&A	PHP	1,843,839	2,581,375	2,710,443	2,845,965	2,988,264	3,137,677
Carpark Expenses	PHP	6,680,554	9,352,775	9,820,414	10,311,434	10,827,006	11,368,356
Land Lease	PHP	19,851,570	28,056,886	29,740,299	31,524,717	33,416,200	35,421,172
PM Fees	PHP	14,252,054	20,129,664	21,323,752	22,589,017	23,929,712	25,350,344
FM Fees	PHP	15,759,917	21,794,247	22,621,342	23,497,241	24,424,845	25,407,223
TOTAL OPERATING EXPENSES	PHP	124,185,115	174,031,001	182,938,107	192,326,325	202,221,874	212,652,413
NET OPERATING INCOME	PHP	257,199,931	363,340,291	384,950,383	407,834,925	432,069,583	457,734,531
Capital Expenditures	PHP	8,507,816	12,024,380	12,745,843	13,510,593	14,321,229	15,180,502
NET OPERATING INCOME AFTER CAP	PHP	248,692,115	351,315,912	372,204,540	394,324,332	417,748,354	442,554,028
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	236,154,013	300,813,804	287,374,505	274,528,081	262,249,443	250,514,433
Net present value (NPV)	PHP	5,299,415,238					
Rounded to:	PHP	5,299,420,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS NOVALICHES
DISCOUNTED CASH FLOW

as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	536,377,754	568,560,419	602,674,044	638,834,487	677,164,556	
Aircon Charges - net	PHP	77,989,379	81,888,848	85,983,290	85,983,290	94,796,577	
Common use service area charges - net	PHP	70,604,463	74,134,687	77,841,421	77,841,421	85,820,167	
Parking Income	PHP	20,837,586	21,462,713	22,106,595	22,106,595	23,452,886	
Commission	PHP	2,699,815	2,834,806	2,976,546	2,976,546	3,281,642	
Other Income	PHP	52,849	55,491	58,266	58,266	64,238	
GROSS REVENUES	PHP	708,561,846	748,936,964	791,640,162	827,800,605	884,580,066	
Less: Operating Expenses							
Contracted Services	PHP	64,178,242	67,387,154	70,756,512	74,294,338	78,009,055	
Net Utilities	PHP	11,888,263	12,482,676	13,106,810	13,762,150	14,450,258	
Repair & Maintenance	PHP	14,001,543	14,701,621	15,436,702	16,208,537	17,018,963	
Advertising & Promotion	PHP	5,722,744	6,008,882	6,309,326	6,624,792	6,956,032	
Taxes & Licenses	PHP	12,748,207	13,385,617	14,054,898	14,757,643	15,495,525	
Insurance	PHP	8,341,027	8,758,078	9,195,982	9,655,781	10,138,570	
Supplies	PHP	685,995	720,295	756,310	794,125	833,831	
Other G&A	PHP	3,294,561	3,459,289	3,632,253	3,813,866	4,004,559	
Carpark Expenses	PHP	11,936,774	12,533,613	13,160,294	13,818,308	14,509,224	
Land Lease	PHP	37,546,443	39,799,229	42,187,183	44,718,414	47,401,519	
PM Fees	PHP	26,855,694	28,450,823	30,141,099	31,932,211	33,830,187	
FM Fees	PHP	26,447,632	27,549,518	28,716,536	29,952,559	31,261,689	
TOTAL OPERATING EXPENSES	PHP	223,647,125	235,236,795	247,453,904	260,332,724	273,909,412	
NET OPERATING INCOME	PHP	484,914,721	513,700,169	544,186,257	567,467,880	610,670,654	
Capital Expenditures	PHP	16,091,333	17,056,813	18,080,221	19,165,035	20,314,937	
NET OPERATING INCOME AFTER CAP	PHP	468,823,388	496,643,357	526,106,036	548,302,846	590,355,718	7,696,588,683
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	239,299,809	228,583,217	218,343,176	205,188,713	199,211,024	2,597,155,020
Net present value (NPV)	PHP						
Rounded to:	PHP						

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Cainta

Ortigas Avenue Extension, Junction, Cainta, Rizal
BCG24-C04418-001.13 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center
E. Delos Santos corner Ortigas Avenues
Barangay Ugong Norte, Quezon City
Metro Manila

Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.13**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of *Robinsons Cainta* located along Ortigas Avenue Extension, Barangay Sto. Domingo, Municipality of Cainta, Province of Rizal.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the *Robinsons Cainta* located along Ortigas Avenue Extension, Barangay Sto. Domingo, Municipality of Cainta, Province of Rizal.

Basis of value: The valuation was made on the basis of *market value*.

Market value the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

Meanwhile, a **basis of value** fundamental measurement assumptions of a va (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
FOUR HUNDRED SEVENTY-SIX MILLION
FOUR HUNDRED THOUSAND ONLY**
(In Words)

PHP1,476,400,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



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The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Cainta is a three-level shopping center that serves the requirements of Cainta and is located directly across the new Cainta public market. Robinsons Cainta, which is conveniently located along the Ortigas Avenue Extension and close to Cainta Junction is a favorite meeting spot for quick shopping and dining. Robinsons Cainta is a vital hub in the Eastern Manila district because of its proximity to important commercial areas and population hubs like Ortigas, Makati, Taytay, Antipolo, Angono, Binangonan, and other municipalities in Rizal.



Figure 1: Robinsons Cainta

6.2 Location

The property appraised, identified as the Robinsons Cainta, is located along Ortigas Avenue Extension, Barangay Sto. Domingo, Municipality of Cainta, Province of Rizal.

The site is approximately 1.2 kilometers northwest from Cainta Municipal Hall, some 700 meters northwest from Ortigas Hospital and Healthcare Center, and approximately 300 meters northwest from Felix Avenue & Bonifacio Avenue Junction.

The property is located in an area where land development is generally for commercial as well as residential usage.

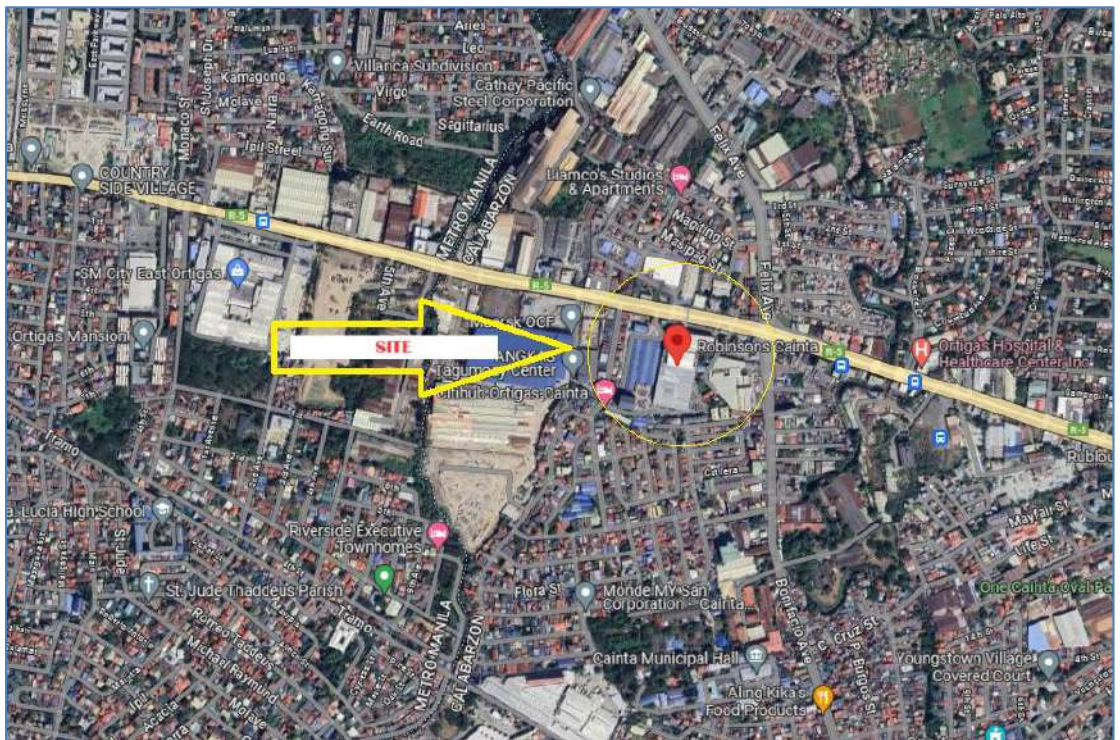


Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The CLIENT is leasing the land with a term of fifty (50) years starting December 03, 2003 until December 02, 2053. The building is owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 31,134.70 sq. m. and a gross leasable area of 19,390.17 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 93% occupied with a Weighted Average Lease Expiry (WALE) of 2.86 years.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach**

buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors inv

replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach**

reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
ONE BILLION
FOUR HUNDRED SEVENTY-SIX MILLION
FOUR HUNDRED THOUSAND ONLY**
(In Words)

PHP1,476,400,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CAINTA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	86,768,472	122,632,774	129,990,741	137,790,185	146,057,596	154,821,052
Aircon Charges - net	PHP	14,766,664	20,673,329	21,706,996	22,792,346	23,931,963	25,128,561
Common use service area charges - net	PHP	14,303,925	20,025,495	21,026,770	22,078,109	23,182,014	24,341,115
Commission	PHP	90,997	127,396	133,766	140,454	147,477	154,851
Other Income	PHP	34,200	47,880	50,274	52,788	55,427	58,198
GROSS REVENUES	PHP	115,964,259	163,506,875	172,908,547	182,853,881	193,374,477	204,503,777
Less: Operating Expenses							
Contracted Services	PHP	7,813,074	10,938,304	11,485,219	12,059,480	12,662,454	13,295,577
Net Utilities	PHP	2,592,894	3,630,051	3,811,554	4,002,131	4,202,238	4,412,350
Repair & Maintenance	PHP	3,279,430	4,591,202	4,820,762	5,061,800	5,314,890	5,580,635
Advertising & Promotion	PHP	443,403	620,764	651,802	684,393	718,612	754,543
Rent Expenses	PHP	18,548,746	25,968,244	27,266,656	28,629,989	30,061,489	31,564,563
Taxes & Licenses	PHP	1,238,348	1,733,687	1,820,371	1,911,389	2,006,959	2,107,307
Insurance	PHP	1,075	1,505	1,580	1,660	1,742	1,830
Supplies	PHP	70,833	99,167	104,125	109,331	114,798	120,538
Other GAIE	PHP	805,973	1,128,362	1,184,780	1,244,019	1,306,220	1,371,530
PM Fees	PHP	4,226,464	5,974,895	6,334,956	6,716,699	7,121,429	7,550,530
FM Fees	PHP	4,756,167	6,571,446	6,815,259	7,073,839	7,348,078	7,638,922
TOTAL OPERATING EXPENSES	PHP	43,776,406	61,257,626	64,297,066	67,494,731	70,858,909	74,398,324
NET OPERATING INCOME	PHP	72,187,852	102,249,249	108,611,481	115,359,150	122,515,568	130,105,453
Capital Expenditures	PHP	2,603,054	3,678,983	3,899,722	4,133,706	4,381,728	4,644,632
NET OPERATING INCOME AFTER CAPEX	PHP	69,584,798	98,570,265	104,711,759	111,225,445	118,133,840	125,460,822
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	66,076,600	84,400,665	80,846,649	77,435,008	74,160,756	71,019,005
Net present value (NPV)	PHP	1,476,398,245					
Rounded to:	PHP	1,476,400,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CARINA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	2035	2036	2037
FREE CASH FLOWS									
Revenues									
Rental Income	PHP	164,110,315	173,956,934	184,394,350	195,458,011	207,185,492	219,616,621	232,793,618	246,761,235
Aircon Charges - net	PHP	26,384,989	27,704,239	29,089,450	30,543,923	32,071,119	33,995,386	36,035,109	38,197,216
Common use service area charges - net	PHP	25,558,171	26,836,079	28,177,883	29,586,777	31,066,116	32,930,083	34,905,888	37,000,241
Commission	PHP	162,593	170,723	179,259	188,222	197,633	209,491	222,061	235,384
Other Income	PHP	61,108	64,164	67,372	70,741	74,278	78,734	83,458	88,466
GROSS REVENUES	PHP	216,277,176	228,732,138	241,908,315	255,847,674	270,594,638	286,830,316	304,040,135	322,282,543
Less: Operating Expenses									
Contracted Services	PHP	13,960,356	14,658,374	15,391,292	16,160,857	16,968,900	17,987,034	19,066,256	20,210,231
Net Utilities	PHP	4,632,967	4,864,616	5,107,846	5,363,239	5,631,401	5,969,285	6,327,442	6,707,088
Repair & Maintenance	PHP	5,859,667	6,152,650	6,460,283	6,783,297	7,122,462	7,549,809	8,002,798	8,482,966
Advertising & Promotion	PHP	792,270	831,883	873,478	917,151	963,009	1,020,790	1,082,037	1,146,959
Rent Expenses	PHP	33,142,791	34,799,931	36,539,927	38,366,924	40,285,270	42,702,386	45,264,529	47,980,401
Taxes & Licenses	PHP	2,212,672	2,323,306	2,439,471	2,561,445	2,689,517	2,850,888	3,021,941	3,203,258
Insurance	PHP	1,921	2,017	2,118	2,224	2,335	2,475	2,624	2,781
Supplies	PHP	126,565	132,893	139,537	146,514	153,840	163,070	172,855	183,226
Other G&A	PHP	1,440,107	1,512,112	1,587,718	1,667,104	1,750,459	1,855,487	1,966,816	2,084,825
PM Fees	PHP	8,005,467	8,487,795	8,999,163	9,541,319	10,116,114	10,723,080	11,366,465	12,048,453
FM Fees	PHP	7,947,375	8,274,502	8,621,433	8,989,362	9,379,561	9,942,334	10,538,874	11,171,207
TOTAL OPERATING EXPENSES	PHP	78,122,158	82,040,079	86,162,267	90,499,435	95,062,866	100,766,638	106,812,636	113,221,395
NET OPERATING INCOME	PHP	138,155,019	146,692,059	155,746,048	165,348,239	175,531,771	186,063,678	197,227,498	209,061,148
Capital Expenditures	PHP	4,923,309	5,218,708	5,531,830	5,863,740	6,215,565	6,588,499	6,983,809	7,402,837
NET OPERATING INCOME AFTER CAPEX	PHP	133,231,709	141,473,351	150,214,217	159,484,498	169,316,207	179,475,179	190,243,690	201,658,311
NET PRESENT VALUE									
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	11.5000	12.5000	13.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3043	0.2744	0.2474
Present value	PHP	68,004,975	65,113,996	62,341,519	59,683,110	57,134,460	54,609,804	52,196,708	49,890,241
Net Present value (NPV)	PHP								
Rounded to:	PHP								

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CAINTA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2038	2039	2040	2041	2042	2043	2044	2045	2046
FREE CASH FLOWS										
Revenues										
Rental Income	PHP	261,566,910	277,260,924	293,896,580	311,530,374	330,222,197	350,035,529	371,037,660	393,299,920	416,897,915
Aircon Charges - net	PHP	40,489,049	42,918,392	45,493,495	48,223,105	51,116,491	54,183,481	57,434,490	60,880,559	64,533,393
Common use service area charges - net	PHP	39,220,256	41,573,471	44,067,879	46,711,952	49,514,669	52,485,549	55,634,682	58,972,763	62,511,129
Commission	PHP	249,507	264,478	280,346	297,167	314,997	333,897	353,931	375,167	397,677
Other Income	PHP	93,774	99,400	105,364	111,686	118,387	125,490	133,020	141,001	149,461
GROSS REVENUES	PHP	341,619,495	362,116,665	383,843,665	406,874,285	431,286,742	457,163,947	484,593,783	513,669,410	544,489,575
Less: Operating Expenses										
Contracted Services	PHP	21,422,845	22,708,216	24,070,709	25,514,951	27,045,848	28,668,599	30,388,715	32,212,038	34,144,760
Net Utilities	PHP	7,109,513	7,536,084	7,988,249	8,467,544	8,975,597	9,514,133	10,084,981	10,690,080	11,331,484
Repair & Maintenance	PHP	8,991,944	9,531,460	10,103,348	10,709,549	11,352,122	12,033,249	12,755,244	13,520,559	14,331,792
Advertising & Promotion	PHP	1,215,777	1,288,723	1,366,047	1,448,010	1,534,890	1,626,983	1,724,602	1,828,079	1,937,763
Rent Expenses	PHP	50,859,225	53,910,779	57,145,425	60,574,151	64,208,600	68,061,116	72,144,783	76,473,470	81,061,878
Taxes & Licenses	PHP	3,395,453	3,599,180	3,815,131	4,044,039	4,286,681	4,543,882	4,816,515	5,105,506	5,411,836
Insurance	PHP	2,948	3,125	3,312	3,511	3,722	3,945	4,182	4,433	4,699
Supplies	PHP	194,220	205,873	218,225	231,319	245,198	259,910	275,504	292,034	309,556
Other G&A	PHP	2,209,914	2,342,509	2,483,060	2,632,043	2,789,966	2,957,364	3,134,806	3,322,894	3,522,268
PM Fees	PHP	12,771,360	13,537,642	14,349,901	15,210,895	16,123,548	17,090,961	18,116,419	19,203,404	20,355,608
FM Fees	PHP	11,841,479	12,551,968	13,305,086	14,103,391	14,949,595	15,846,570	16,797,364	17,805,206	18,873,519
TOTAL OPERATING EXPENSES	PHP	120,014,678	127,215,559	134,848,493	142,939,402	151,515,766	160,606,712	170,243,115	180,457,702	191,285,164
NET OPERATING INCOME	PHP	221,604,817	234,901,106	248,995,173	263,934,883	279,770,976	296,557,234	314,350,668	333,211,709	353,204,411
Capital Expenditures	PHP	7,847,007	8,317,828	8,816,897	9,345,911	9,906,666	10,501,066	11,131,130	11,798,998	12,506,937
NET OPERATING INCOME AFTER CAPEX	PHP	213,757,810	226,583,278	240,178,275	254,588,972	269,864,310	286,056,169	303,219,539	321,412,711	340,697,474
NET PRESENT VALUE										
Period lapse	years	14.5000	15.5000	16.5000	17.5000	18.5000	19.5000	20.5000	21.5000	22.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.2231	0.2012	0.1814	0.1636	0.1475	0.1330	0.1199	0.1081	0.0975
Net present value	PHP	47,685,693	45,578,559	43,564,535	41,639,507	39,799,542	38,040,881	36,359,932	34,753,260	33,217,584
Net present value (NPV)	PHP									
Rounded to:	PHP									

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS CAINTA
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2047	2048	2049	2050	2051	2052	2053
FREE CASH FLOWS								
Revenues								
Rental Income	PHP	441,911,790	468,426,498	496,532,087	526,324,013	557,903,453	591,377,661	574,621,960
Aircon Charges - net	PHP	68,405,396	72,509,720	76,860,303	81,471,922	86,360,237	91,541,851	88,948,165
Common use service area charges - net	PHP	66,261,797	70,237,505	74,451,755	78,918,860	83,653,992	88,673,232	86,160,823
Commission	PHP	421,537	446,830	473,639	502,058	532,181	564,112	548,129
Other Income	PHP	158,429	167,935	178,011	188,691	200,013	212,013	206,006
GROSS REVENUES	PHP	577,158,950	611,788,487	648,495,796	687,405,544	728,649,876	772,368,869	750,485,084
Less: Operating Expenses								
Contracted Services	PHP	36,193,446	38,365,052	40,666,956	43,106,973	45,693,391	48,434,995	47,062,670
Net Utilities	PHP	12,011,373	12,732,056	13,495,979	14,305,738	15,164,082	16,073,927	15,618,499
Repair & Maintenance	PHP	15,191,700	16,103,202	17,069,394	18,093,557	19,179,171	20,329,921	19,753,907
Advertising & Promotion	PHP	2,054,029	2,177,271	2,307,907	2,446,382	2,593,164	2,748,754	2,670,873
Rent Expenses	PHP	85,925,591	91,081,126	96,545,994	102,338,753	108,479,079	114,987,823	111,729,835
Taxes & Licenses	PHP	5,736,547	6,080,739	6,445,584	6,832,319	7,242,258	7,676,794	7,459,284
Insurance	PHP	4,981	5,279	5,596	5,932	6,288	6,665	6,476
Supplies	PHP	328,130	347,818	368,687	390,808	414,256	439,112	426,670
Other G&A	PHP	3,733,604	3,957,620	4,195,077	4,446,782	4,713,589	4,996,404	4,854,839
PM Fees	PHP	21,576,945	22,871,561	24,243,855	25,698,486	27,240,396	28,874,819	28,056,699
FM Fees	PHP	20,005,930	21,206,286	22,478,663	23,827,383	25,257,026	26,772,447	26,013,894
TOTAL OPERATING EXPENSES	PHP	202,762,274	214,928,010	227,823,691	241,493,112	255,982,699	271,341,661	263,653,647
NET OPERATING INCOME	PHP	374,396,676	396,860,476	420,672,105	445,912,431	472,667,177	501,027,208	486,831,437
Capital Expenditures	PHP	13,257,354	14,052,795	14,895,963	15,789,720	16,737,104	17,741,330	17,238,659
NET OPERATING INCOME AFTER CAPEX	PHP	361,139,322	382,807,681	405,776,142	430,122,711	455,930,073	483,285,878	469,592,778
NET PRESENT VALUE								
Period lapsed	years	23,5000	24,5000	25,5000	26,5000	27,5000	28,5000	29,5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.0879	0.0793	0.0715	0.0645	0.0581	0.0524	0.0473
Present value	PHP	31,749,767	30,346,809	29,005,845	27,724,136	26,499,063	25,328,123	22,191,514
Net Present value (NPV)	PHP							
Rounded to:	PHP							

VALUATION REPORT

presented to

ROBINSONS LAND CORPORATION

Valuation of Robinsons Place Ormoc

Palo-Carigara-Ormoc City Road
Barangay Cogon, Ormoc City, Province of Leyte
BCG24-C04418-001.14 | As of 31 March 2024

ASIAN APPRAISAL

PRIVATE AND CONFIDENTIAL

10 May 2024

ROBINSONS LAND CORPORATION

Level 2, Galleria Corporate Center

E. Delos Santos corner Ortigas Avenues

Barangay Ugong Norte, Quezon City

Metro Manila

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Attention: **MR. LANCE Y. GOKONGWEI**
Chairman, President and
Chief Executive Officer

Re: **AACI File No. BCG24-C04418-001.14**
Appraisal of Property

Gentlemen:

We are pleased to submit our *final report* on the valuation as of 31 March 2024, of **Robinsons Place Ormoc** fl h \ Y ' Î D F C Deaf-Hung Palo-Carigara-Ormoc City Road, Barangay Cogon, Ormoc City, Province of Leyte.

Purpose of the valuation: For possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

Subject of the valuation: The subject of the valuation is the **Robinsons Place Ormoc** located along Palo-Carigara-Ormoc City Road, Barangay Cogon, Ormoc City, Province of Leyte.

Basis of value: The valuation was made on the basis of *market value*.

Market value] g ' X Y Z] the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ĩ

Meanwhile, a **basis of value**] g ' X Y Z] b Y X ' U g ' ĩ fundamental measurement assumptions of a valuation. ĩ (IVSC 2022).

Valuation date: The valuation date is as of **31 March 2024**.

Opinion of value: Based on the given assumptions used, and the Discounted Cash Flow analysis made, it is our opinion that the market value of **THE PROPERTY** as of 31 March 2024 is as follows:

**PESOS:
TWO BILLION
NINETY-EIGHT MILLION
FIVE HUNDRED SIXY THOUSAND ONLY**
(In Words)

PHP2,098,560,000.00
(In Figures)

We have made no investigation of and assume no responsibility for titles to and liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest on the property appraised or on the value reported.

Yours faithfully,

ASIAN APPRAISAL COMPANY, INC.



GENERAL SERVICE CONDITIONS

The services provided by **Asian Appraisal Company, Inc. (AACI)**, were performed in accordance with recognized professional appraisal standards, which is the International Valuation Standards (IVS). We have acted as an independent contractor. Our compensation was not contingent in any way upon our conclusion of value. We assumed, without independent verification, the accuracy of all data provided to us. Although it is not our normal practice, we reserve the right to use subcontractors. All files, work papers or documents furnished, obtained, or developed during the course of the assignment shall remain our property. We will retain this data for at least five (5) years.

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of our knowledge and belief, the statements of fact, upon which the analyses, opinions, and conclusions expressed in this report are based, are true and correct; that this report sets forth the limiting conditions affecting the analyses, opinions and conclusions it contains; that this report has been made in accordance with generally accepted valuation principles and procedures and in conformity with the requirements of the Code of Ethics applying to the realty services in the Philippines; and that we have no present nor contemplated future interest in the property, nor is the appraisal fee contingent upon the final estimate of value. It is further certified that the valuation of the property as of 31 March 2024, was done under the direct supervision of the undersigned.



ASSUMPTIONS AND LIMITING CONDITIONS

- a) This Report has been produced without reference to, and in disregard of, any liens, liabilities, charges or encumbrances relating to or affecting the subject matter of the same, whether known or unknown. Any person relying upon this Report shall be deemed to be aware of all such liens, liabilities charges and/or encumbrances and shall be responsible for making his own assumptions as to the cost or valuation implication of the same and no responsibility in respect thereof will be accepted by us or by any of our employees.
- b) AACI or any of its employees shall not be required to give evidence or otherwise testify in any court or tribunal or otherwise in relation to this Report or anything therein contained save on such terms as we may reasonably specify or unless arrangements have been previously made.
- c) No instrument survey was made to pinpoint the exact location and boundaries of the property. It is then assumed that the property as indicated on plans or as shown by the owner (s)/representative(s) is the property described in the title furnished us.
- d) No structural survey or engineering tests were made, and no responsibility is assumed for the soundness of the structure, physical defects which were not readily apparent to the appraiser(s) during inspection or the condition of the services.
- e) Plats and other illustrative data used in the report are presented as aids in visualizing the property and its environs. Although preparation of materials was based on the best available data, it should not be considered as a survey nor scaled for size. No independent surveys were conducted.
- f) No soil analysis or geological studies were made in conjunction with this Report nor was an investigation made of any water, oil, gas, coal, or other sub-surface mineral and use rights or conditions.
- g) This Report is confidential and is intended for the sole use of the CLIENT/COMPANY to whom it is addressed and is intended for the specific purpose to which it refers only. No responsibility will be accepted for any loss, direct or indirect, caused to any third party as a consequence of its use, or reliance upon, this Report or anything contained herein other than that for which it has been produced. This report may not be reproduced in whole or in part nor shall it be disclosed to any third party without our express consent in writing.

- h) We have assumed in our valuation that the Property as currently used is not in contravention of any planning or similar governmental regulations.
- i) It is assumed that all building, sidewalk and occupancy permits, consents, or other licenses and certificates from governmental institutions have been or can be obtained or renewed for any use on which the value estimate contained in this Report is based.
- j) We give no guarantee or warranty in respect of the accuracy where such information has been provided by or is based on information, estimates or data provided, directly or indirectly, by third parties. Subject to this qualification, all information contained in this Report is believed to be correct at the time at which it was published.
- k) In providing this Report, no warranties are given as to the ownership of the subject matter of the same. The CLIENT/COMPANY shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same.
- l) We did not observe the existence of hazardous materials, unless otherwise stated in this Report, which may or may not be present on the property. The presence of hazardous materials, which we are not qualified to detect, may affect the value of the property. The value estimate is asserted on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.
- m) Any requirements or preconditions imposed by the CLIENT/COMPANY in connection with the preparation of this Report have been duly taken into account but no liability is accepted in respect of a CLIENT/COMPANY withholding approval and finalization of the Report.
- n) The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein.
- o) Erasures on appraisal date and values invalidate this valuation report.
- p) This appraisal report is invalid unless it bears the service seal of AACI.

1 Identification of the Client

1.1 ROBINSONS LAND CORPORATION

The CLIENT, Robinsons Land Corporation, is a corporation organized and existing under the laws of the Philippines.

2 Purpose of the Valuation

This valuation shall be used for possible property-for-share swap purposes only between Robinsons Land Corporation (RLC) and RL Commercial REIT, Inc. (RCR).

3 Basis of Value

The basis of value shall be **market value** ~~the estimated amount~~ for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" ~~1~~

Based on analysis of prevailing building usage in the neighbourhood and the property itself, we are of the opinion that the existing mixed-use, office and commercial development represents the highest and best use of the property.

4 Macroeconomic Overview: Philippine Economy

4.1 Q4 2023 Gross Domestic Product (GDP)

In the fourth quarter of 2023, the Philippine GDP grew 5.6% year-on-year, down from an upwardly revised 6% growth in the previous quarter but still exceeding market estimates of 5.2% growth. It was the eleventh straight quarter of annual growth, backed by increases in fixed investments (10.2% vs. 8.1%) and household consumption (5.3% vs. 5.1% in Q3). On the other hand, government spending decreased (-1.8% vs. 6.7%), while net trade decreased GDP as imports increased 2.9% (vs. -1.1%) and exports decreased 2.6% (vs. 2.6%). Growth in production was slower in the industry sector (3.2% vs. 5.6%), but it increased in agriculture, forestry, and fisheries (1.4% vs. 0.9%) and services (7.4% vs. 6.8%).

The GDP growth rate for the entire year of 2023 dropped to 5.6% from 7.6% the previous year, much below the 6% to 7% government objective.

(Source: Trading Economics; Philippine Statistics Authority)

5 Extent of investigation and nature and source of the information relied upon

- a. For the COMPANY, we have relied on documents available from online resources and the Securities and Exchange Commission (SEC) website;
- b. For the term of lease, we have used documents provided by the COMPANY; and
- c. For the macroeconomic and industry data, we have gathered information from the websites of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and the Philippine Statistics Authority (PSA).

6 Particulars of the Property

6.1 Property Description

Robinsons Place Ormoc, which occupies 114,000 square meters, offers top-notch shopping and entertainment opportunities to the expanding population in the province of Leyte's western region. Due to its excellent location and simple access from Palo-Carigara-Ormoc City Road, it is highly convenient to reach by both private and public transit. Inspired by the pineapple, which is the most popular produce in the city, the mall's front features geometric triangle designs.



Figure 1: Robinsons Place Ormoc

6.2 Location

The property appraised, identified as the Robinsons Place Ormoc, is located along Palo-Carigara-Ormoc City Road, Barangay Cogon, Ormoc City, Province of Leyte.

The site is approximately 1.7 kilometers north from New Ormoc City Hall, some 400 meters northeast from Ormoc District Hospital, and approximately 2.6 kilometers northwest from Ormoc City Port Area.

The property is located in an area where land development is generally for commercial as well as residential usage.

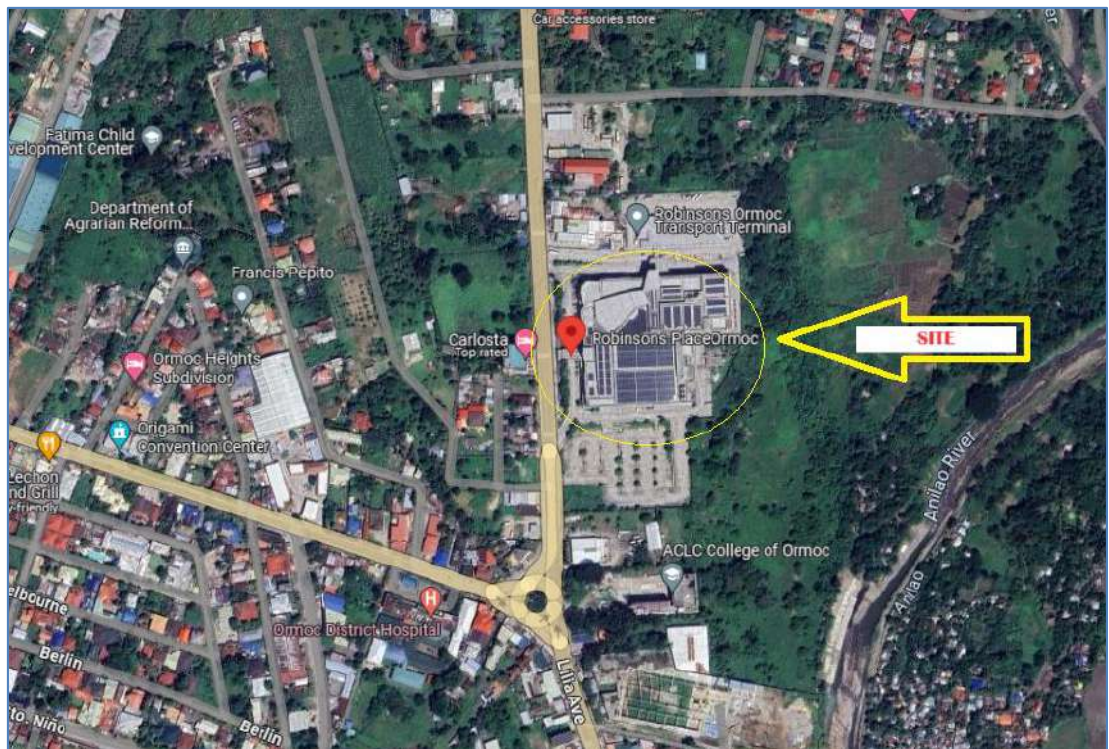


Figure 2: Vicinity Map

Source: Google

6.3 Property Ownership

The land and building are owned by the CLIENT.

6.4 Existing use of the PROPERTY

The subject PROPERTY is a commercial mall with an aggregate gross floor area of 34,901.00 sq. m. and a gross leasable area of 22,774.56 sq. m.

6.5 Occupancy Rate

As of 31 March 2024, the Property is 98% occupied with a Weighted Average Lease Expiry (WALE) of 0.75 year.

7 Valuation Approaches and Methodology

7.1 Three Approaches to Value

Based on IVS, there are three (3) approaches to value, namely:

7.2 Market Approach

The **market approach** provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In this approach, the value of the building is based on sales and listings of comparable properties registered within the vicinity. The technique of this approach requires the adjustments of a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison is premised on the factors of construction materials used, quality of workmanship, age of building, floor area, maintenance, amenities and facilities and complexity of the structure among others.

7.3 Cost Approach

The **cost approach** provides an indication of value based on the cost to the buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors justify a higher value. The cost approach is based on the replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

7.4 Income Approach

The **income approach** provides an indication of value based on the reference to the value of income, cash flow or cost saving generated by the asset.

Considering that the PROPERTY is an investment property that generates income to the COMPANY, we have used the income approach to value, specifically, the discounted cash flow method.

7.5 Valuation Analysis

The **Income Approach** explicitly recognizes that the value of an asset or property is dependent on the expected future economic benefits to be derived from ownership of that asset or property such as periodic income, cost savings, increased market share, or proceeds from sale. These benefits are converted into a lump sum value.

In the Discounted Cash Flow Analysis, future benefits for a given projection period are converted into a value indication by discounting them at an appropriate yield rate.

7.6 Future and Present Value

The Future Value of an amount or investment is the value obtained after it is compounded by an interest rate over a specific number of time periods (usually in number of years). The formula is expressed as:

$$FV = PV (1 + i)^t$$

such that:

FV = the future value of the investment PV after t years

PV = the principal amount of an investment or its present value

i = the applicable compound interest or discount rate

t = the relevant time period usually in number of years

From this same equation, the formula for the Present Value can be derived. The Present Value of an investment is simply its expected worth at a particular time in the future brought back to present terms, or:

$$PV = FV / (1 + i)^t$$

The expression states that an expected future amount, FV pesos, at year t is worth PV pesos in present terms in view of an i% compounded discount rate. The FV refers to the future worth of benefits such as cash on hand, profits, revenues, market recognition, or excess income expected to be gained.

7.7 Discount Rate

As per section 50.31 of International Valuation Standards of 2022, valuers may use any reasonable method for developing an appropriate discount rate. While there are many methods for developing a discount rate or determining the reasonableness of a discount rate, a non-exhaustive list of common methods includes: Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC), Observed or Inferred Rates/Yields and a Build-Up Method.

In our valuation, the discount rate used is the weighted average cost of capital using the industry average and market risks as of the valuation date.

Cost of Equity		Delevered	Relevered
Risk free rate (10Y)	6.2322%		
Market rate of return	13.616854%		
Real Estate Beta	1.1300	0.4520	0.6954
Cost of equity	14.5769%	9.57%	11.37%

Computation of Weighted Average Cost of Capital

	Cost	%	Weight
Debt	10.03%	35.00%	3.51%
Equity	11.37%	65.00%	7.39%
Weighted average cost of capital			10.90%

It is a common market practice to use a 10-year or 20-year government bond yield on the discount rate when valuing an asset. For this valuation, we used the 10-year Risk free Rate based on BVAL as of the valuation date.

Market rate of return was based on the risk-free rate used as of the valuation date and the 7.38% country risk premium for the Philippines published by Prof. Aswath Damodaran of the Stern School of Business at New York University.

We used the 1.1300 Real Estate Industry Beta as of the valuation date.

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7.8 Net Present Value

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [FVt / (1 + i)^t] - I_0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received.

7.9 Valuation Assumption

To arrive at the market value of the PROPERTY, we used the following assumptions.

- 7.9.1 For the tenure of the leases, we have relied on the rent roll data provided by the COMPANY in an Excel format showing the floor area, commencement date and expiry date, current lease contract rent, and escalation rate.
- 7.9.2 The COMPANY'S cash inflows consist of monthly rental income from its lessees, exclusive of value added tax (VAT), provided by the COMPANY;
- 7.9.3 For the operating expenses, we have used the data provided by the CLIENT;
- 7.9.4 To determine the terminal value/reversion value, we have used the Gordon growth model. We calculated the capitalization rate using the discount rate and the 3% rental growth rate based on market and AACI estimates. Net Cash Flow at the end of the projections over the capitalization rate is the Terminal/Reversion Value.

8 Valuation Conclusion

Based on the given assumptions used, and the Discounted Cash Flow Analysis made, it is our opinion that the market value of *THE PROPERTY* as of 31 March 2024 is as follows:

**PESOS:
TWO BILLION
NINETY-EIGHT MILLION
FIVE HUNDRED SIXY THOUSAND ONLY**
(In Words)

PHP2,098,560,000.00
(In Figures)

9 Valuation Date

This valuation is dated **31 March 2024**.

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS ORMOC
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2024	2025	2026	2027	2028	2029
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	119,267,131	168,564,212	178,678,065	189,398,749	200,762,674	212,808,434
Aircon Charges - net	PHP	21,549,561	30,169,386	31,677,855	33,261,748	34,924,835	36,671,077
Common use service area charges - net	PHP	19,083,522	26,716,931	28,052,777	29,455,416	30,928,187	32,474,596
Commission	PHP	1,426,339	1,996,874	2,096,718	2,201,554	2,311,631	2,427,213
Other Income	PHP	191,764	268,469	281,892	295,987	310,786	326,326
GROSS REVENUES	PHP	161,518,317	227,715,872	240,787,307	254,613,453	269,238,114	284,707,646
Less: Operating Expenses							
Contracted Services	PHP	15,630,602	21,882,842	22,976,984	24,125,834	25,332,125	26,598,732
Net Utilities	PHP	14,330,599	20,062,838	21,065,980	22,119,279	23,225,243	24,386,505
Repair & Maintenance	PHP	5,035,524	7,049,734	7,402,221	7,772,332	8,160,948	8,568,996
Advertising & Promotion	PHP	2,101,221	2,941,709	3,088,794	3,243,234	3,405,396	3,575,665
Taxes & Licenses	PHP	2,153,772	3,015,281	3,166,046	3,324,348	3,490,565	3,665,093
Insurance	PHP	6,228	8,720	9,155	9,613	10,094	10,599
Supplies	PHP	296,226	414,716	435,452	457,225	480,086	504,090
Other G&A	PHP	872,150	1,221,011	1,282,061	1,346,164	1,413,472	1,484,146
Carpark Expenses	PHP	6,450	9,030	9,481	9,955	10,453	10,975
Land Lease	PHP	8,348,699	11,799,495	12,507,465	13,257,912	14,053,387	14,896,590
PM Fees	PHP	5,832,751	8,243,136	8,737,215	9,260,914	9,816,007	10,404,378
FM Fees	PHP	5,830,665	8,089,034	8,422,695	8,776,331	9,151,139	9,548,386
TOTAL OPERATING EXPENSES	PHP	60,444,886	84,737,546	89,103,549	93,703,140	98,548,915	103,654,155
NET OPERATING INCOME	PHP	101,073,430	142,978,326	151,683,758	160,910,313	170,689,198	181,053,491
Capital Expenditures	PHP	3,578,014	5,056,926	5,360,342	5,681,962	6,022,880	6,384,253
NET OPERATING INCOME AFTER CAP	PHP	97,495,416	137,921,400	146,323,416	155,228,351	164,666,318	174,669,238
TERMINAL VALUE	PHP						
NET PRESENT VALUE							
Period lapsed	years	0.5000	1.5000	2.5000	3.5000	4.5000	5.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.9496	0.8562	0.7721	0.6962	0.6278	0.5661
Present value	PHP	92,580,072	118,095,024	112,974,493	108,069,773	103,372,400	98,874,176
Net present value (NPV)	PHP	2,098,559,355					
Rounded to:	PHP	2,098,560,000					

ANNEX A

ROBINSONS LAND CORPORATION
ROBINSONS ORMOC
DISCOUNTED CASH FLOW
as of the date indicated
ASSUMPTIONS TO PROJECTIONS

	Remarks	2030	2031	2032	2033	2034	TERMINAL VALUE
FREE CASH FLOWS							
Revenues							
Rental Income	PHP	225,576,941	239,111,557	253,458,250	268,665,745	284,785,690	
Aircon Charges - net	PHP	38,504,630	40,429,862	42,451,355	44,573,923	46,802,619	
Common use service area charges - net	PHP	34,098,326	35,803,242	37,593,404	39,473,074	41,446,728	
Commission	PHP	2,548,574	2,676,002	2,809,802	2,950,293	3,097,807	
Other Income	PHP	342,642	359,774	377,763	396,651	416,484	
GROSS REVENUES	PHP	301,071,113	318,380,438	336,690,575	356,059,686	376,549,328	
Less: Operating Expenses							
Contracted Services	PHP	27,928,668	29,325,102	30,791,357	32,330,924	33,947,471	
Net Utilities	PHP	25,605,830	26,886,122	28,230,428	29,641,949	31,124,047	
Repair & Maintenance	PHP	8,997,445	9,447,318	9,919,684	10,415,668	10,936,451	
Advertising & Promotion	PHP	3,754,449	3,942,171	4,139,280	4,346,244	4,563,556	
Taxes & Licenses	PHP	3,848,348	4,040,766	4,242,804	4,454,944	4,677,691	
Insurance	PHP	11,129	11,685	12,269	12,883	13,527	
Supplies	PHP	529,295	555,759	583,547	612,725	643,361	
Other GAE	PHP	1,558,353	1,636,271	1,718,084	1,803,989	1,894,188	
Carpark Expenses	PHP	11,524	12,100	12,705	13,341	14,008	
Land Lease	PHP	15,790,386	16,737,809	17,742,078	18,806,602	19,934,998	
PM Fees	PHP	11,028,022	11,689,053	12,389,714	13,132,381	13,919,571	
FM Fees	PHP	9,969,416	10,415,653	10,888,609	11,389,881	11,921,168	
TOTAL OPERATING EXPENSES	PHP	109,032,865	114,699,809	120,670,559	126,961,530	133,590,037	
NET OPERATING INCOME	PHP	192,038,248	203,680,628	216,020,017	229,098,156	242,959,291	
Capital Expenditures	PHP	6,767,308	7,173,347	7,603,748	8,059,972	8,543,571	
NET OPERATING INCOME AFTER CAP	PHP	185,270,940	196,507,282	208,416,269	221,038,184	234,415,721	
TERMINAL VALUE	PHP						3,056,125,873
NET PRESENT VALUE							
Period lapsed	years	6.5000	7.5000	8.5000	9.5000	10.5000	10.5000
Discount rate	%	10.90%	10.90%	10.90%	10.90%	10.90%	10.90%
Present value factor	%	0.5104	0.4603	0.4150	0.3742	0.3374	0.3374
Present value	PHP	94,567,169	90,443,708	86,496,385	82,718,047	79,101,793	1,031,266,315
Net present value (NPV)	PHP						
Rounded to:	PHP						



Property-for-Share Swap between Robinsons Land Corporation and RL Commercial REIT, Inc.

Fairness Opinion Report

STRICTLY PRIVATE & CONFIDENTIAL

June 3, 2024

Robinsons Land Corporation

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

RL Commercial REIT, Inc.

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

Attention: Board of Directors of Robinsons Land Corporation and RL Commercial REIT, Inc.

Re: Fairness Opinion Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. is pleased to submit this Fairness Opinion Report covering the property-for-share swap transaction in relation to the planned transfer of thirteen (13) properties (the owned by Robinsons Land Corporation to RL Commercial REIT, Inc. . RLC intends to transfer 100 percent of its ownership in the RLC Properties to RCR in exchange for primary shares to be issued by RCR (the .

The RLC Properties consist of 11 malls and two offices. These are (1) Robinsons Luisita, (2) Robinsons Sta. Rosa, (3) Giga Tower, (4) Cybergate Davao, (5) Robinsons Imus, (6) Robinsons Los Baños, (7) Robinsons Lipa, (8) Robinsons Cabanatuan, (9) Cybergate Delta 2, (10) Robinsons Palawan, (11) Robinsons Novaliches, (12) Robinsons Cainta, and (13) Robinsons Place Ormoc.

In this regard, FTI Consulting has been asked to render an opinion on whether the proposed exchange of RCR shares for the RLC Properties is fair from a financial point of view.

FTI Consulting conducted a valuation study of the RLC Properties and RCR in accordance with the International Valuation Standards to determine the fairness of the consideration to be transferred and consideration to be received by RCR. The following standards were used:

- | | |
|---------------------------------------|--|
| IVS 101 Scope of Work | IVS 105 Valuation Approaches and Methods |
| IVS 102 Investigations and Compliance | IVS 200 Business and Business Interests |
| IVS 103 Reporting | IVS 400 Real Property Interests* |
| IVS 104 Bases of Value | |

The Valuation Date is 31 March 2024, with the Philippine Peso as the Valuation Currency. Market Value (also referred to as is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

The Philippine Stock Exchange, Inc. Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104, amended No. 2024-0019) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2023-0073 released on December 29, 2023) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

*Provisions on valuation approaches and methods

Summary of Findings

The RLC Properties were valued using the Discounted Cash Flows Method and Direct Capitalization Method under the Income Approach. RCR, on the other hand, was valued using the DCF Method under the Income Approach and the Volume Weighted Average Price Method and Comparable Public Companies Method under the Market Approach. The estimated valuation ranges for the RLC Properties and RCR as of the Valuation Date are presented in Exhibits 1 and 2, respectively.

Exhibit 1. Valuation Summary RLC Properties

Properties In PHP millions	Discounted Cash Flow Method		Direct Capitalization Method		Range of Market Values	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Robinsons Luisita	927.45	1,432.45	931.54	1,062.08	927.45	1,432.45
Robinsons Sta. Rosa	1,664.67	2,300.18	1,594.17	1,771.17	1,594.17	2,300.18
Cybergate Davao	597.54	793.12	552.63	609.12	552.63	793.12
Robinsons Imus	2,658.53	4,472.94	2,612.15	3,231.97	2,612.15	4,472.94
Robinsons Los Banos	327.84	616.28	322.52	439.45	322.52	616.28
Robinsons Lipa	4,465.61	6,471.53	4,334.13	4,899.87	4,334.13	6,471.53
Robinsons Cabanatuan	803.27	977.70	761.62	761.62	761.62	977.70
Robinsons Palawan	2,321.42	3,743.49	2,217.39	2,672.42	2,217.39	3,743.49
Robinsons Novaliches	4,160.69	6,343.61	3,966.73	4,719.62	3,966.73	6,343.61
Robinsons Cainta ¹	1,231.08	1,906.38	n.a.	n.a.	1,231.08	1,906.38
Robinsons Ormoc	1,574.11	2,554.03	1,526.94	1,832.72	1,526.94	2,554.03
Giga Tower	6,332.60	7,711.74	6,956.41	7,142.00	6,332.60	7,711.74
Cybergate Delta 2	1,302.99	1,559.92	1,437.62	1,455.84	1,302.99	1,559.92
TOTAL RANGE OF MARKET VALUES					27,682.39	40,883.39

t has no automatic renewal provision and there is no certainty

that the third-party lessor will agree to a renewal of the lease contract upon expiration.

Sources: FTI Consulting Analysis

Summary of Findings

Exhibit 2. Valuation Summary RCR

RCR Valuation In PHP millions, except for the per share values	Equity Value		Value per Share	
	Low Estimate	High Estimate	Low Estimate	High Estimate
Discounted Cash Flows Method	56,852.41	73,241.99	5.30	6.83
Cross-checks:				
<i>Volume Weighted Average Price Method</i>	53,723.49	56,032.70	5.01	5.22
<i>Comparable Public Companies Method</i>				
<i>Enterprise Value/LTM EBITDA</i>	48,005.36	62,590.31	4.48	5.83
<i>Enterprise Value/LTM EBIT</i>	50,216.54	62,591.48	4.68	5.84
RANGE OF MARKET VALUES	56,852.41	73,241.99	5.30	6.83

LTM = Last Twelve Months

Sources: FTI Consulting Analysis

Fair Range of RCR shares to be Exchanged

Given the range of market values of the RLC Properties (as shown in Exhibit 1) and the range of market values per share of RCR (as shown in Exhibit 2), we determined the range of RCR shares to be issued which is considered fair from a financial point of view. This is presented in Exhibit 3, along with a comparison with the proposed number of shares to be issued by management in the Transaction.

Exhibit 3. Comparison of the Fair Range of RCR Shares to be Issued and the Proposed Number of Shares to be Issued by RCR

Properties	Range of Market Values		RCR (PHP/share)		Fair Number of Shares to be Issued		RCR Shares to be Issued	
	In PHP millions	Low Est.	High Est.	Low Est.	High Est.	Low Est.		High Est.
Robinsons Luisita		927.45	1,432.45	5.30	6.83	135.83	270.27	193.61
Robinsons Sta. Rosa		1,594.17	2,300.18	5.30	6.83	233.48	433.99	276.37
Cybergate Davao		552.63	793.12	5.30	6.83	80.94	149.64	107.05
Robinsons Imus		2,612.15	4,472.94	5.30	6.83	382.57	843.95	493.76
Robinsons Los Banos		322.52	616.28	5.30	6.83	47.23	116.28	88.80
Robinsons Lipa		4,334.13	6,471.53	5.30	6.83	634.76	1,221.04	834.03
Robinsons Cabanatuan		761.62	977.70	5.30	6.83	111.55	184.47	130.08
Robinsons Palawan		2,217.39	3,743.49	5.30	6.83	324.75	706.32	430.05
Robinsons Novaliches		3,966.73	6,343.61	5.30	6.83	580.95	1,196.90	779.33
Robinsons Cainta		1,231.08	1,906.38	5.30	6.83	180.30	359.69	217.12
Robinsons Ormoc		1,526.94	2,554.03	5.30	6.83	223.63	481.89	308.61
Giga Tower		6,332.60	7,711.74	5.30	6.83	927.45	1,455.04	934.94
Cybergate Delta 2		1,302.99	1,559.92	5.30	6.83	190.83	294.32	193.90
TOTAL		27,682.39	40,883.39			4,054.28	7,713.80	4,987.64

Source: FTI Consulting Analysis

Fairness Opinion

Given that the shares to be issued by RCR for each property fall within our fair range of shares that RCR can issue in exchange for each of the RLC Properties, we are of the opinion that the proposed Transaction is fair from a financial point of view.

Statement of Limitations

This Report opines solely on the fairness of the number of shares to be issued by RCR and the valuation of the RLC Properties and RCR. It does not opine as to the operational merits or strategic rationale of the Transaction.

In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited on the representation of RLC and RCR, audited and unaudited financial statements, reports of competent entities, and such other relevant supporting documents.

While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council . Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the RLC Properties and RCR or any financial or other information.

With respect to prospective financial information relative to the RLC Properties and RCR referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.

Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.

The Report does not express an opinion about the fairness of the compensation in the Transaction to any of or directors, officers, or employees relative to the compensation to or shareholders.

FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the Transaction, for rendering the fairness opinion.

There is no material relationship between FTI Consulting and any party to the Transaction. During the prior two years, as it relates to this Transaction, FTI Consulting has not received or intends to receive compensation as a financial advisor.

Information with respect to the RLC and operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with and management .

FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.

Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, and Chartered Valuer and Appraiser, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants, the CFA Institute Code of Ethics, and Code for Ethical Principles for Professional Valuers.

A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

