RCREIT
A ROBINSONS LAND COMPANY

RL COMMERCIAL REIT, INC.
ANNUAL REPORT

2023

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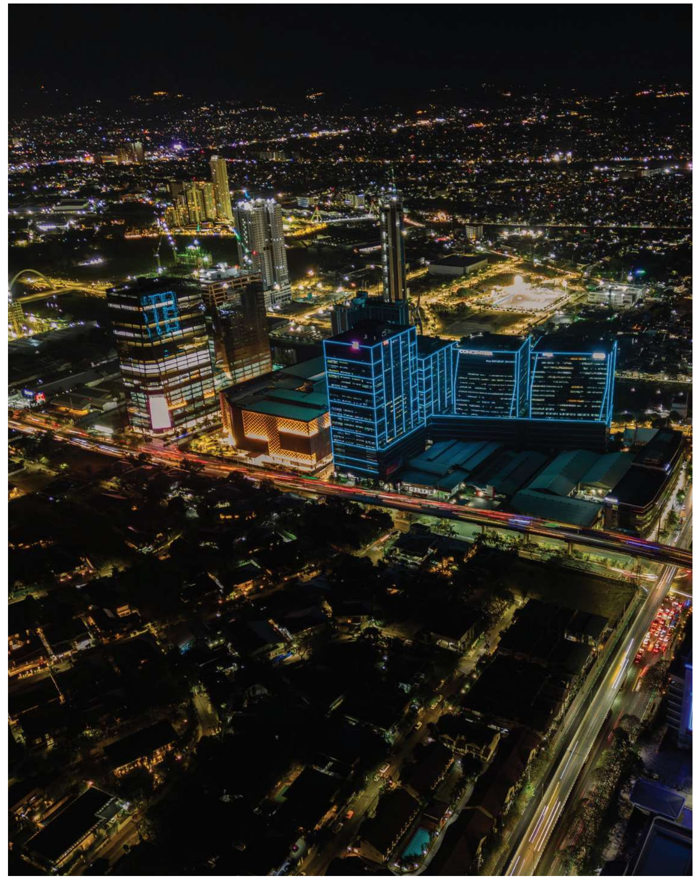
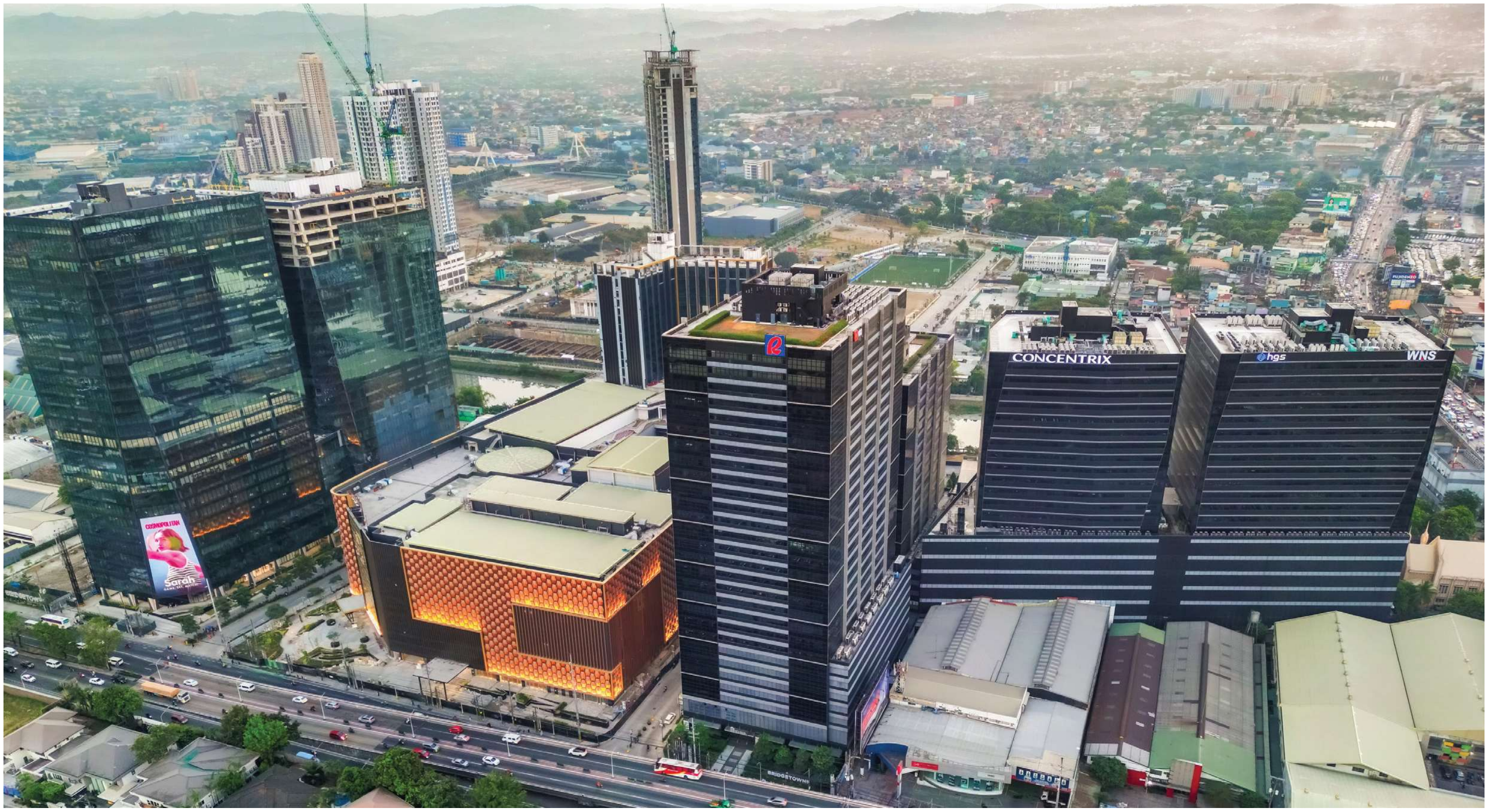


ABOUT THE COMPANY



RCREIT

A ROBINSONS LAND COMPANY

Corporate Information:
Date of Incorporation: **May 16, 1988**
Amendment to RCR: **August 2, 2021**
PSE Listing: **September 14, 2021**

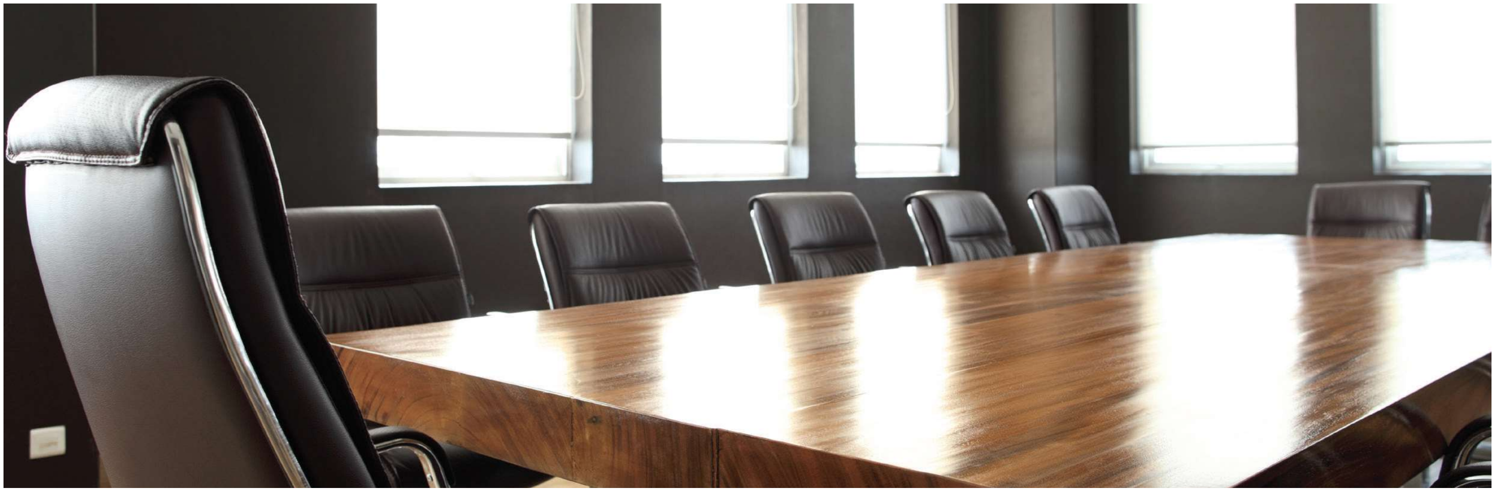
RL Commercial REIT, Inc. (RCR), formerly known as Robinsons Realty and Management Corporation (RRMC), is a company designated by Robinsons Land Corporation (RLC or the Sponsor) to operate as a REIT (Real Estate Investment Trust). The company leases to a diversified tenant base with its high-quality portfolio with an aggregate Portfolio GLA of 480,479 sqm. as of December 31, 2023. Our portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the propoerties to support the needs of our office tenants.

The principal investment mandate of RCR is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets that are strategically located in destination estates, major central business districts (CBDs), transportation hubs, key cities, and urban areas across the Philippines. RCR intends to grow its portfolio by infusing assets from RLC and unrelated third parties (subject to market conditions) that are dividend yield accretive. It will continue to create value for shareholders by pursuing growth that complements the development and advancement of society.

The Company intends to maintain a high occupancy rate by targeting a diversified tenant base, predominantly targeting all sub-sectors of the business process outsourcing (IT-BPM) and business process outsourcing (BPO) industry, traditional office tenants, as well as other tenant categories that will contribute to the stable occupancy of the office buildings.

Our office properties are all PEZA-accredited and have consistently high occupancy rates resulting in stable rental revenue. Our portfolio has a WALE (Weighted vis-à-vis Leasable Area) of 3.46 years as of December 31, 2023. Moreover, each property is fully insured with an amount equivalent to its respective replacement value.

Our Sponsor, RLC, is one of the Philippines' leading real estate developers in terms of revenue, number of projects, and total project size. RLC is engaged in the construction and operation of lifestyle commercial centers, offices, hotels, and industrial facilities. It also develops mixed-use properties and residential housing located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component for developing, owning, and operating commercial real estate projects (principally lifestyle commercial centers, office buildings, hotels, and industrial facilities); and a "development" component for building real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages, and commercial lots).



DIVIDENDS

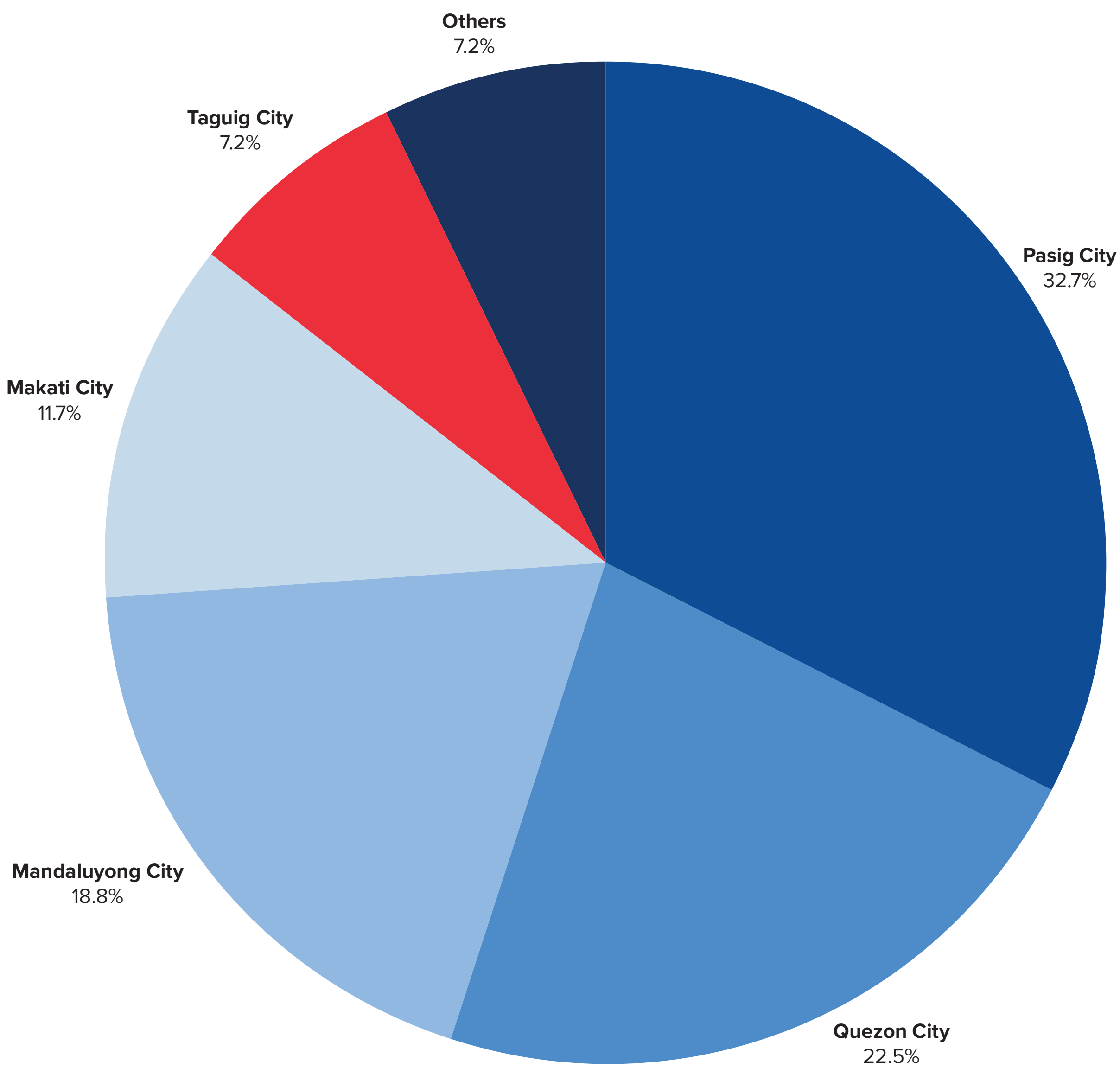
Date of BOD Approval	Feb 5, 2024	Nov 7, 2023	Aug 9, 2023	Apr 21, 2023	Feb 6, 2023	Nov 8, 2022	Aug 10, 2022	May 10, 2022	Feb 4, 2022	Nov 5, 2021
Type (Regular or Special)	Regular	Regular	Regular	Regular	Regular	Regular	Regular	Regular	Regular	Regular
Cash Dividend Per Sharew	PHP 0.0980	PHP 0.0979	PHP 0.0978	PHP 0.0977	PHP 0.0976	PHP 0.0974	PHP 0.0972	PHP 0.0965	PHP 0.0920	PHP 0.0620
Record Date	Feb 20, 2024	Nov 21, 2023	Aug 24, 2023	May 22, 2023	Feb 20, 2023	Nov 22, 2022	Aug 23, 2022	May 26, 2022	Feb 18, 2022	Nov 19, 2021
Payment Date	Feb 29, 2024	Nov 30, 2023	Aug 31, 2023	May 31, 2023	Feb 28, 2023	Nov 29, 2022	Aug 31, 2022	May 31, 2022	Feb 28, 2022	Nov 25, 2021
EX-DATE	Feb 19, 2024	Nov 20, 2023	Aug 18, 2023	May 17, 2023	Feb 15, 2023	Nov 17, 2022	Aug 18, 2022	May 23, 2022	Feb 15 2022	Nov 16 2021

BOARD COMMITTEES

Director	Position	Executive Committee	Audit Committee	Corporate Governance Committee	Board Risk Oversight Committee	Related Party Transaction Committee
Frederick D. Go	Director and Chairman	Chairman	Member	Member	Member	
Jericho P. Go	Director, President and CEO	Member				
Lance Y. Gokongwei	Director	Member				
Kerwin Max S. Tan	Director and Treasurer	Member	Member	Member	Member	
Artemio V. Panganiban	Independent Director		Chairman	Member	Member	Member
Wilfredo A. Paras	Independent Director		Member	Member	Chairman	Member
Cesar Luis F. Bate	Independent Director		Member	Chairman	Member	Chairman

VALUATION BREAKDOWN

as of December 31, 2023



RCR VISION

To be the top-of-mind real estate investment trust in the Philippines with premium and top-notch office assets that provide solid returns to investors and enrich the lives of our stakeholders.

RCR MISSION

To create value for shareholders by providing high-quality real estate spaces that enable our stakeholders to prosper in a sustainable way.

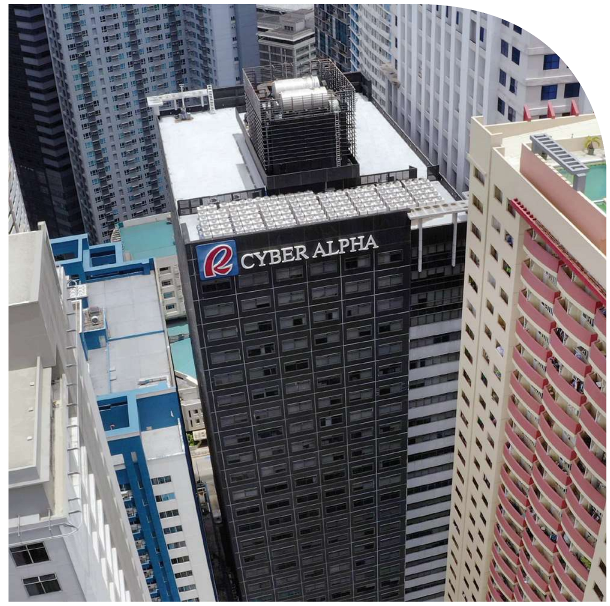
CORE VALUES

- We aim to promote sustainability in our projects.
- We commit to consistently deliver quality products and services
- We are leaders in the real estate industry.
- We aim to uphold our relationship with our investors.

THE ASSETS

RCR PROPERTIES

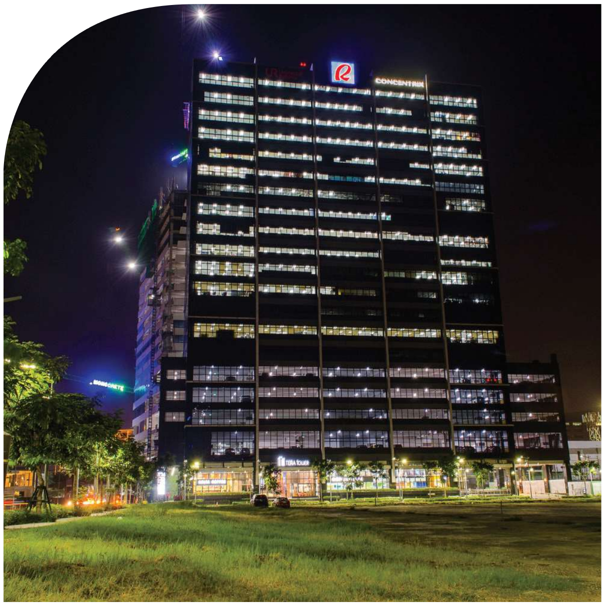
Robinsons Equitable Tower. This is a Grade A, PEZA-registered, 45-storey office tower located in the Ortigas Center CBD, Pasig City, Metro Manila. The Company owns 27.2% of the units/ 96 office condominium units and 38 parking slots in the Robinsons Equitable Tower with an aggregate GLA of 14,365 sqm.



Cyberscape Alpha. This is a Grade A, PEZA-registered, 25-storey building with seven basement levels and a roof deck, located along Sapphire and Garnet Roads within the Ortigas Center CBD, Pasig City, Metro Manila. The building has an aggregate GLA of 49,902 sqm comprising three hotel floors with an approximate area of 6,320 sqm occupied by GO Hotels, and retail spaces on the ground floor.

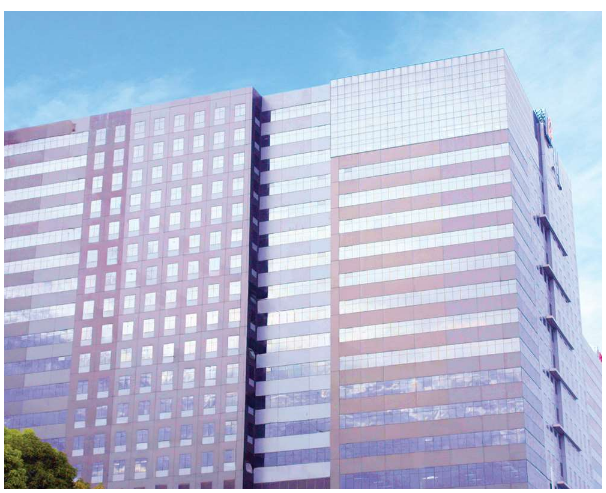
Robinsons Summit Center. This is a Grade A, PEZA-registered, 37-storey office tower with four basement levels located along Ayala Avenue in the Makati City CBD, Metro Manila. The Company owns 31 office condominium units and 301 parking slots, with an aggregate GLA of 31,394 sqm.

Cyberscape Beta. This is a Grade A, PEZA-registered, 37-storey building located along Topaz and Ruby Roads within the Ortigas Center CBD, Pasig City, Metro Manila. The building has an aggregate GLA of 42,245 sqm comprising retail spaces at the ground and mezzanine floors, and office spaces from the 9th to the 37th levels.

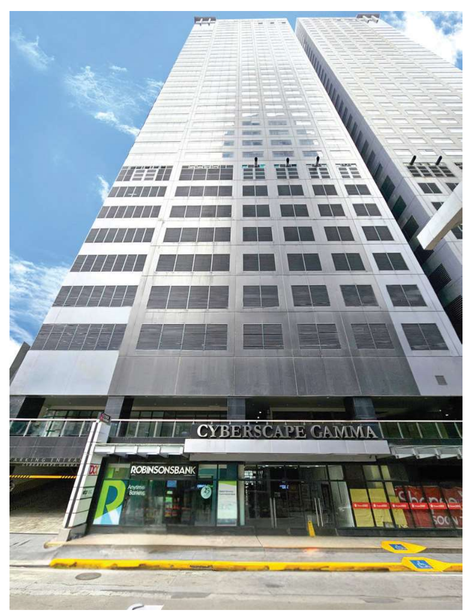


Tera Tower. This is a PEZA-registered, LEED Gold certified, Prime Grade, 20-storey building located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila, and in proximity to the Ortigas Center CBD. The building has an aggregate GLA of 35,087 sqm.

Exxa-Zeta Tower. This is a PEZA-registered, LEED Silver certified, Prime Grade, 20-storey twin tower office building located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila, and in proximity to the Ortigas Center CBD. The Exxa Tower has a GLA of 39,280 sqm and the Zeta Tower has a GLA of 35,303 sqm for a combined aggregate GLA of 74,584 sqm.



Cyber Sigma. This is a Grade A, PEZA-registered, 20-storey office development, located on Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metro Manila, and in proximity to the Bonifacio Global City and Makati City CBDs. The office project has an aggregate GLA of 49,970 sqm.



Robinsons Cyberscape Gamma. This is a 37-storey building located along Topaz and Ruby Roads within the Ortigas CBD. It is interconnected with Cyberscape Beta via its ground, mezzanine, and parking floors. The building has a GLA of 44,797 sqm.

Robinsons Cybergate Center 2. This is a Grade A, PEZA-registered, 27-storey office building in the Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 43,672 sqm. Both the building and the land where Robinsons Cybergate Center 2 is located are owned by the Sponsor.

Robinsons Cybergate Center 3. This is a Grade A, PEZA-registered, 27-storey office building in the Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 44,614 sqm. Both the building and the land where Robinsons Cybergate Center 3 is located are owned by the Sponsor.

Robinsons Cybergate Cebu. This is a PEZA-registered, 7-storey mixed-use building located in Fuente Osmena Circle, Cebu City. The Fuente Osmena Circle is a famous landmark in Cebu City and is surrounded by commercial establishments such as hotels, restaurants, banks, convenience stores, offices, and shopping centers. The building has a retail mall at the ground floor and three floors of office space. The three floors of office space (i.e. the fifth to seventh floors) have an aggregate GLA of 6,866 sqm.

Galleria Cebu. This is a Grade A, PEZA-registered, office development integrated with the Robinsons Galleria Cebu mall in General Maxilom Avenue corner Sergio Osmena Boulevard, Cebu City. The 4-storey building has a retail mall and an office space with two basement levels and a roof deck. The two floors of office space (i.e., the third and fourth floors) have an aggregate GLA of 8,851 sqm.

Luisita BTS 1. This is a PEZA-registered, 3-storey build-to-suit office development that is dedicated to one IT-BPM tenant. It is located in the Robinsons Luisita Complex, McArthur Highway, Barangay San Miguel, Tarlac City. The Luisita Complex is a mix of commercial, industrial, and residential developments that are accessible from other areas of Tarlac and Central Luzon. The building was custom built to suit the requirements of the tenant and has a GLA of 5,786 sqm.

Cybergate Naga. This is a PEZA-registered, 5-storey office development located in the Robinsons Place Naga complex on Roxas Avenue, Naga City in the province of Camarines Sur. The three floors of office space (i.e., the 3rd to the 5th floors) have an aggregate GLA of 6,069 sqm. These floors, related machinery, and improvements made to the Cybergate Naga building are owned by the Company. The rest of the building is owned by the Sponsor.

Cybergate Delta 1. This is a Grade A, PEZA-registered, 5-storey office development located in Robinsons Cyberpark Davao along J.P. Laurel Avenue, Davao City. The building has an aggregate GLA of 11,910 sqm.

Robinsons Cybergate Bacolod. This is a PEZA-registered development located in Barangay Singcang, Bacolod City in the province of Negros Occidental. The two floors of office space have an aggregate GLA of 10,367 sqm. These floors, related machinery, and improvements made to the Cybergate Bacolod building are owned by the Company.

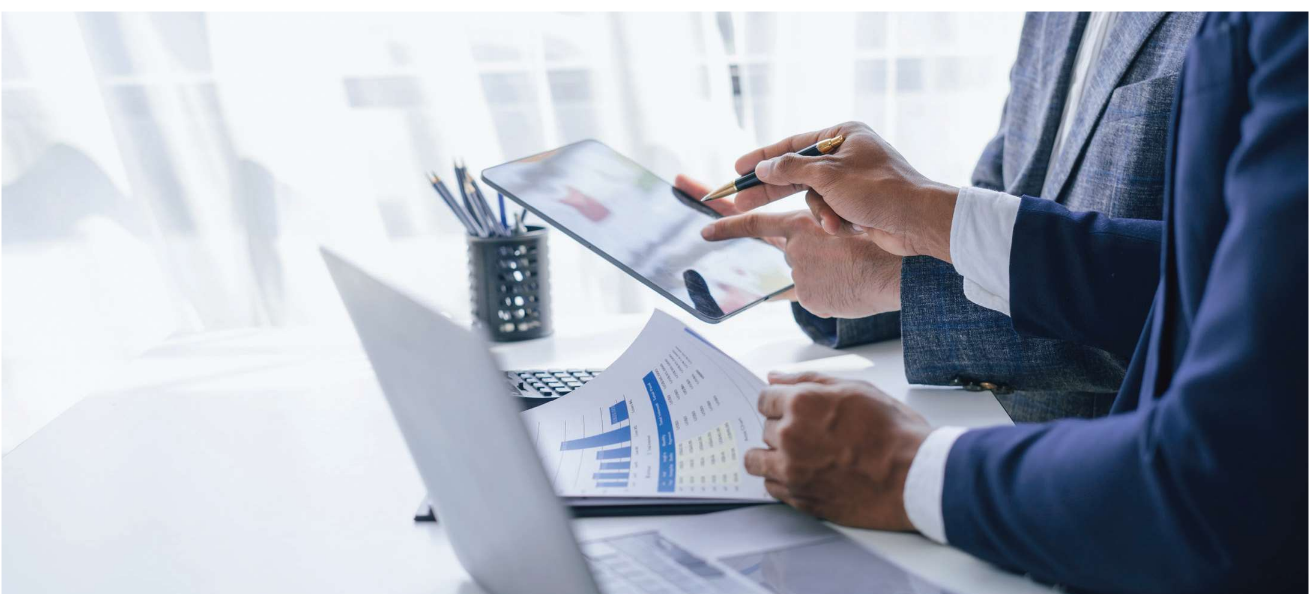
PERFORMANCE HIGHLIGHTS

PERFORMANCE HIGHLIGHTS
(FINANCIAL & OPERATIONAL)

- **ASSETS:** 16
- **LOCATION:** 10 KEY CITIES
- **GLA:** 480,479 SQM
- **OCCUPANCY:** 94% in 2023 VS. 98% in 2022
- **WALE:** 3.46 years in 2023 vs. 3.08 in 2022
- **IT-BPM TENANTS:** Steady at 77% for both 2023 and 2022
- **GREEN-CERTIFIED:** 7 assets in 2023 (62% of Total RCR GLA) vs. 5 assets (41% of Total RCR GLA) in 2022
- **AUM VALUATION:** Php63.84B in 2023 vs. Php56.7B in 2022
- **DIVIDEND PER SHARE:** Php0.3914 in 2023 vs Php0.3887 in 2022

Balance Sheet (in PHP Millions)	2023	2022
Current Assets	2,193.73	1,829.71
Total Assets	66,298.06	58,715.49
Current Liabilities	1,444.89	1,174.93
Total Liabilities	2,571.27	2,257.56
Retained Earnings/ (Deficit)	(1,125.20)	(8,394.06)
RE before the change in FV of IP	1,826.76	1,576.19
Change in FV of IP*	(2,951.96)	(9,970.25)
Stockholders' Equity	63,726.78	56,457.92
Stockholders' Equity (Parent)	63,726.78	56,457.92

*Under the Implementing Rules and Regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. 9856), the Company is required to recognize its investment properties fair market values in accordance with Philippine Accounting Standard (PAS) 40, Investment Property.



Income Statement (in PHP Millions)	2023	2022
Gross Revenues*	5,523.95	5,464.56
EBIT*	4,456.30	4,432.82
EBITDA*	4,485.65	4,462.18
Net Income*	4,444.75	4,406.52
Earnings (loss) per share*	0.4144	0.4301
Net book value per share	5.94	5.26

*without the change in fair market values of investment properties

Cash Flows (in PHP Millions)	2023	2022
Net cash flows provided by operating activities	5,071.55	4,550.00
Net cash flows used in investing activities	(103.27)	(1,013.55)
Net cash flows used by financing activities	(4,194.18)	(3,895.00)

Financial Ratios	2023	2022
Current Ratio	1.52:1	1.56:1
Debt-to-Equity Ratio	-	-
Interest Coverage Ratio	-	-
Asset-to-Equity Ratio	1.04:1	1.04:1
Operating Margin Ratio**	0.80:1	0.80:1

**without the change in FMV of IP

MESSAGE TO SHAREHOLDERS

RCR is well-positioned to thrive in the evolving commercial real estate landscape.

Jericho P. Go

Jericho P. Go
President and CEO

MESSAGE TO THE SHAREHOLDERS

Dear Valued Shareholders,

2023 was a year of resilience and steady progress for RCR. Amidst evolving market dynamics, we remained dedicated to our commitment to delivering sustainable growth and value to our stakeholders. Our ability to maintain strong operational performance across our portfolio of 16 prime office assets reflects the strength of our business model and the trust of our tenants and investors.

For the year ended December 31, 2023, RCR posted PHP5.52 billion in revenues excluding the effect of the change in fair market value of investment properties. This was driven by the stable occupancy and consistent rental income across our properties, demonstrating the enduring demand for high-quality office spaces. Net income before the change in fair market values of investment properties also increased by 1%, reaching PHP4.44 billion. Underscoring our operational efficiency and financial prudence, total net income has significantly increased — a testament to the long-term strength of our assets.

Beyond our financial performance, RCR remains in a position of strength with zero debt, solid cash flow, and a 13% increase in total assets to PHP66.3 billion. Our occupancy rate continues to outperform industry average, supported by our dynamic leasing strategies, customer-focused initiatives, and commitment to sustainability.

ADAPTING TO MARKET TRENDS

The shift towards hybrid work arrangements has reshaped the office leasing landscape, yet we have successfully navigated these changes through strategic initiatives. We have continued to enhance our properties, ensuring that our buildings meet the evolving needs of our tenants. Our focus on green building certifications, enhanced amenities, and flexible workspaces has positioned us as a preferred partner for businesses seeking sustainable and adaptable offices.

SUSTAINABILITY AND INNOVATION AT THE CORE

Our commitment to environmental responsibility remains a priority. We continue to green certify our buildings under LEED and EDGE, ensuring energy efficiency and sustainable operations. In line with our goal of enhancing tenant experience, we have also introduced innovations such as smart lockers, improved connectivity through electric shuttle services, and implemented rooftop hydroponic farming to promote sustainable practices—a first among REIT buildings.

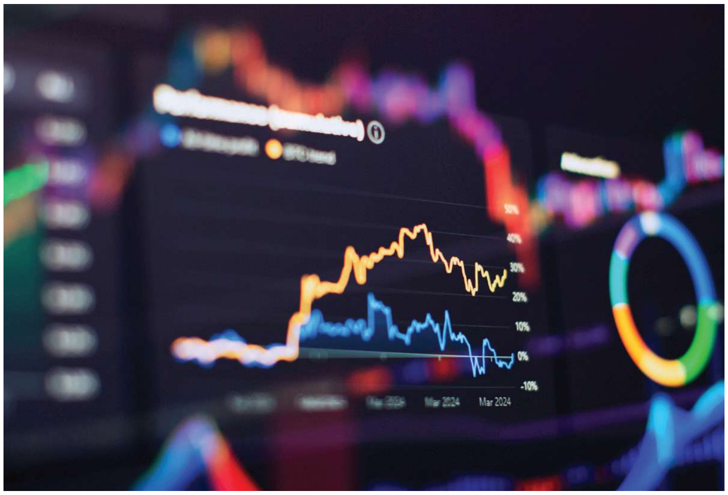
LOOKING AHEAD

As we move forward, we are optimistic about the growing momentum for return-to-office trends, driven by the increasing need for collaboration, productivity, and data security. We remain focused on strengthening our portfolio, enhancing operational efficiencies, and maximizing value creation for our stakeholders. Our sound financial position, strategic foresight, and commitment to excellence ensure that RCR is well-positioned to thrive in the evolving commercial real estate landscape.
On behalf of the Board of Directors and Management, I extend my sincere gratitude to our shareholders, tenants, partners, and employees for your continued trust and support. Together, we will continue to build on RCR's legacy of stability, growth, and excellence.

Jericho P. Go
President and CEO

BUSINESS REVIEW

FINANCIAL PERFORMANCE



RCR is the fourth (4th) REIT company publicly listed on Philippine Stock Exchange on September 14, 2021, and is committed to delivering constant and high-yielding returns to shareholders. Despite headwinds against the office business in 2023, RCR outperformed target adjusted funds from operations per REIT Plan on the back of a stable revenue stream and operational efficiency. RCR generated Php 5,524.0 million in revenues, Php 59.39 million or 1% higher vs. 2022, attributable to the stable high occupancy of RCR's sixteen (16) assets. RCR recognized a significant net increase in fair value change in investment properties by Php 7,018.3 million. The movement was mainly due to the increase in fair market values caused by improving interest rates. The Company's net income before the change in fair value of investment properties reached Php 4,444.8 million in 2023. The increase from the previous year was mainly positive in terms of revenue, other income, costs, and expenses.

PORTFOLIO

At the time of listing, RCR was the largest in IPO (Initial Public Offering) size, market capitalization, and property valuation. It was also the biggest in asset size with 425,315 sqm of high-quality commercial spaces made up of 14 assets. The portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of the office tenants. RCR also has the longest land lease tenure with an average of 89 years across all properties. RCR offers tenures of up to 99 years for most properties which provide long-term sustainability and predictability to RCR.

Its wide geographical coverage had given RCR a strong presence in 9 key cities and CBDs such as Makati, Taguig, Ortigas, Mandaluyong, Quezon City, Metro Cebu, Metro Davao, Naga, and Tarlac.

Post-listing, RCR remained firm in its investment objectives by actively pursuing and evaluating several growth opportunities that were complementary to the company's overall growth strategy. In the first quarter of 2022, one year ahead of RCR's commitment per REIT Plan, RCR's portfolio was successfully expanded with the addition of two dividend-yield accretive investments that boosted earnings-generation capacity. Due to the acquisition and infusion of 2 assets from the Sponsor company, Robinsons Land Corporation, the total number of commercial assets of RCR is now 16. On March 8, 2022, RCR successfully acquired Cybergate Bacolod via cash at a purchase price of Php 734.0 million. Immediately upon the lapse of the regulatory six-month lock-up period for the issuance of additional shares by a newly listed entity on April 20, 2022, RCR finalized the definitive agreements for the infusion of Cyberscape Gamma via a tax-free property-for-share swap for Php 5.9 billion in exchange for RCR's 777.8 million shares. The instantaneous infusions are a strong testament to the Sponsor's support for RCR.

With these 2 assets, the geographical coverage of RCR expanded to 10 strategic locations with the addition of Bacolod City. Our Gross Leasable Area (GLA) on the other hand grew to 480,479 sqm from 425,315 sqm or an addition of 55,164 sqm, equivalent to a growth of 13%. As of December 31, 2023, RCR maintained a high blended occupancy of 94% for its 16 assets. It boasts a diversified tenant base, with 77% of occupiers being from the IT-BPM industry. This industry has shown resilience even during the height of the pandemic and continues to grow. The portfolio has a healthy weighted lease expiry of 3.46 years and a well-spread lease expiry profile.

DIVIDENDS

Following the listing of RCR's common stock in the Philippine Stock Exchange on September 14, 2021, RCR has adopted an updated dividend policy. This policy helped maintain an annual cash dividend payout ratio of at least 90% of the Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR. RCR also intends to declare and pay out dividends on a quarterly basis each year as allowed under Rule 4 Section 4 of the Revised REIT IRR. For the calendar year of 2023, RCR declared dividends per share total of Php 0.3914, representing 96% of the Distributable Income for the year.

AWARDS

RCR has achieved significant recognition in 2023 by securing two prestigious awards. The Company was recognized as the Philippines' first REIT EDGE Champion by the International Finance Corporation, a member of the World Bank Group. Additionally, RCR received the coveted ASEAN Corporate Governance Survey (ACGS) Golden Arrow Awards.

GREEN CERTIFICATIONS

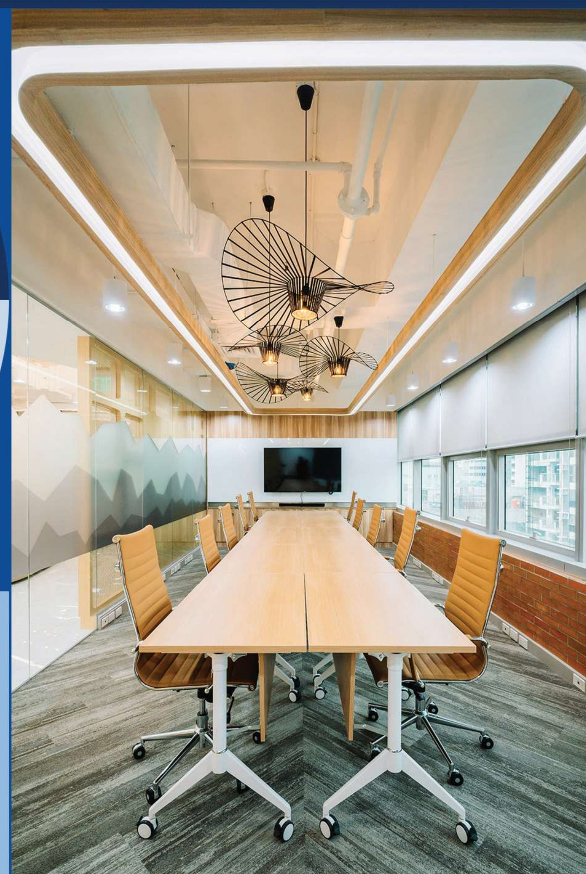
In its continuous effort to practice and promote sustainability, RCR has developed green-certified office buildings. Currently, 3 of our assets are Leadership in Energy and Environmental Design (LEED) certified. The Tera Tower (LEED Gold), Exxa Tower (LEED Silver), and Zeta Tower (LEED Silver) are all US Green Building Council registered LEED buildings. These properties are still constantly striving to minimize their environmental impact.

Moving forward, Robinsons Office plans to apply and register upcoming buildings for LEED certification, and existing buildings for Excellence in Design For Greater Efficiencies (EDGE) certification. The EDGE certification is based on a program that enables building developers and owners to quickly identify the most cost-effective strategies to reduce energy use, water use, and embodied energy in the property's materials. Under this program, Cyberscape Gamma became the first office REIT property with EDGE certification in the Philippines in 2022. Cementing its stature as a true advocate for sustainability, RCR was recognized as EDGE Champion during the EDGE Champions Summit Asia 2023. In 2023, the Company certified a total of 3 buildings for the year under the Excellence in Design For Greater Efficiencies (EDGE):, Cyberscape Beta, Cyberscape Alpha, and Cyberscape Sigma. RCR targets to certify more existing buildings in the future.

Current:

- LEED Certified (3) – Tera Tower (LEED Gold), Exxa Tower (LEED Silver), Zeta Tower (LEED Silver).
- EDGE Certified (4) : Cyberscape Gamma, Cyberscape Beta, Cyberscape Alpha, Cyber Sigma

OUR LEADERS



OUR LEADERS

The following discussion presents a brief description of the business experience of each of the Company's directors and executive officers over the past five (5) years:

Frederick D. Go[1], 54, is the Chairman of RCR. He is the President, and Chief Executive Officer of RLC. He concurrently serves as the President and Chief Executive Officer of Altus Property Ventures, Inc., and the President of Universal Hotels and Resorts, Inc. He is also the Vice Chairman of Luzon International Premier Airport Development Corporation. He is a Trustee and the President of Robinsons Land Foundation, Inc., and Universal Cultural Foundation, Inc. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, Taicang Ding Feng Real Estate Development Company Limited, Taicang Ding Sheng Real Estate Development Company Limited, Chongqing Robinsons Land Real Estate Company Limited, and Chongqing Ding Hong Real Estate Development Company Limited. He is also a Director of Cebu Air, Inc., Manila Electric Company, JG Summit Olefins Corporation, and Cebu Light Industrial Park. He is the Vice Chairman of the Board of Directors of Robinsons Bank Corporation and of the Executive Committee of said bank. He also serves as the Vice Chairman of the Philippine Retailers Association. In January 2024, he was appointed by the President of the Philippines as Presidential Adviser for Investment and Economic Affairs. He received a Bachelor of Science degree in Management Engineering from Ateneo de Manila University.

[1]Mr. Frederick D. Go resigned as Director, President, and Chief *Executive Officer of RLC effective January 8, 2024.*

Jericho P. Go, 52, is the President and Chief Executive Officer of RCR. 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 a member of the Board of Directors of Robinsons Equitable Tower Condominium Corporation, Robinsons Summit Center Condominium Corporation, and Galleria Corporate Center Condominium Corporation. He has over 29 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. Before joining RLC in 2019, he was Senior Vice President of Megaworld Corporation for business development & office leasing, investor relations, and public relations from 1997 to 2019. He also held various positions in Greenfield Development Corporation and Ayala Land, Inc. He received a Bachelor of Arts degree in Development Studies from the University of the Philippines and graduated Magna Cum Laude and Class Salutatorian in 1993.

Lance Y. Gokongwei, 57, is a Director of RCR. He is the Chairman of Cebu Air, Inc., Universal Robina Corporation, Robinsons Retail Holdings, Inc., Altus Property Ventures, Universal Hotels and Resorts, Inc., and JG Summit Olefins Corporation. He is a Director and Vice Chairman 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 Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Kerwin Max S. Tan, 54, is a Director and the Treasurer of RCR. He is also the Chief Financial Officer, Chief Risk Officer, and Chief Compliance Officer of Robinsons Land Corporation. He also holds the position of Chief Financial Officer, Treasurer, Chief Information Officer, and Compliance Officer of Altus Property Ventures, Inc. He is the Treasurer and Chief Financial Officer of Robinsons DoubleDragon Corp., as well as the Vice President and Treasurer of Robinsons Inn, Incorporated. Mr. Tan concurrently holds the position of Treasurer in several subsidiaries of Robinsons Land Corporation such as Bacoor R and F Land Corporation, and Robinsons Land Foundation Inc. to name a few. He also holds the position of Chief Financial Officer in some of Robinsons Land Corporation's residential properties such as Acacia Escalades, Chimes Greenhills, and Galleria Regency. He is the Chief Financial Officer of Galleria Corporate Center Condominium Corporation and Robinsons Equitable Tower Condominium Corporation. He is also the Director and Chief Financial Officer of Robinsons Summit Center Condominium Corporation. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Artemio V. Panganiban, Jr., 87, was appointed as an independent director of RCR. He is concurrently an adviser, consultant and/or independent director of several businesses, including civic, non-government, and religious groups. He also writes a regular column in the Philippine Daily Inquirer and has authored 14 books. 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. Before 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).

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 an independent director of RCR. He currently serves as an independent director of Philex Mining Corporation from 2011 to the present, as well as an adviser to the Board of Trustees of Dualtech Technical Training Foundation Inc. from 2012 to the present. Mr. Paras was also an independent director for GT Capital Holdings, Inc. from 2015 to 2022. From 2011 to 2016, he was a director of Coconut Oil Mills Group. He has a Bachelor of Science degree 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, 62, was appointed as an independent director of RCR on September 14, 2021. He is currently the Managing Director of LMN Advisors/Partners, Inc. and the President of Celisons Property, Inc. from 2007 to 2016. Since November 2021, he has been serving as an independent director of ten (10) Sun Life Prosperity Funds: 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 also serves as a Board of Trustee at Jose Rizal College and the Metropolitan Museum of Manila since June 2013. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University in 1983.

Atty. Juan Antonio M. Evangelista, 52, is the Corporate Secretary of RCR. He is also the Corporate Secretary of Robinsons Land Corporation. He 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, is the Assistant Corporate Secretary of RCR. Atty. Cero is concurrently the Legal Counsel and Assistant Corporate Secretary of Robinsons Land Corporation and Altus Property Ventures, Inc. In 2007, she obtained her Bachelor of Arts degree in Broadcast Communication from the Polytechnic University of the Philippines and her Bachelor of Laws degree from San Beda University - College of Law in 2014. She was admitted to the Philippine Bar in 2016.

Dennis R. Llarena, 48, is the Data Privacy Officer (DPO) of RCR. 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 of Finance at Amalgamated Specialties Corporation. He joined SGV & Co. Business Assurance practice after placing 19th in the 1997 Certified Public Accountant Licensure Exam.

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

Selene Erica S. Lim[1], 35, is the Investor Relations Officer of RCR. She is the Business Development & Asset Management Director for Robinsons Hotels & Resorts under RLC. She is also an active member of RLC's Investor Relations Team since 2019. Prior to joining RLC, she served as the Director for Finance and Investor Relations at Xurpas Inc. where she stayed for four years. She also had a two-year stint in BDO Unibank Inc. under the Institutional Banking Group for Commercial Banking. A consistent Dean's Lister, she received a Bachelor of Science degree in Management Engineering (Minor in Marketing) from Ateneo de Manila University in 2010.

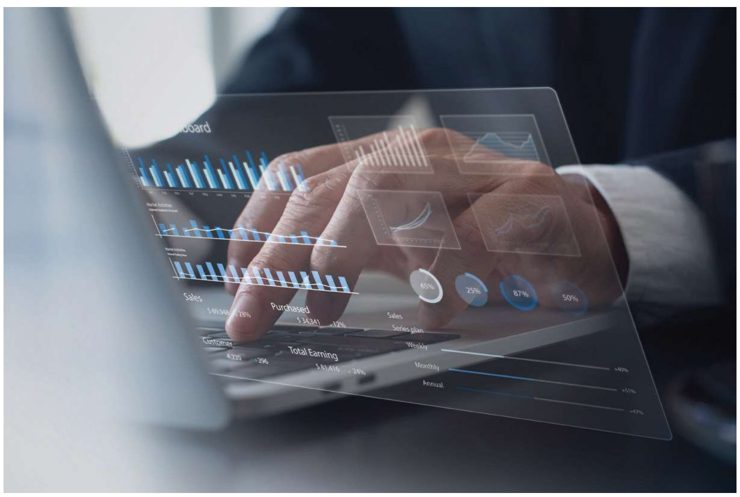
[1]Ms. Selene Erica S. Lim resigned as the Investor Relations *Officer of RCR.*

BUSINESS MODEL

RCREIT
A ROBINSONS LAND COMPANY

BUSINESS MODEL

Upon listing RL Commercial REIT, Inc. (RCR) became the country's largest Real Estate Investment Trust (REIT) with a market capitalization of Php 52.5 billion and is backed by a reputable Sponsor, Robinsons Land Corporation (RLC). RCR will continue to add offices to its portfolio but will remain sentient to the possible opportunities of including malls. Assets may be acquired from the Sponsor or any other developer, provided that the asset meets the investment criteria under favorable market conditions.



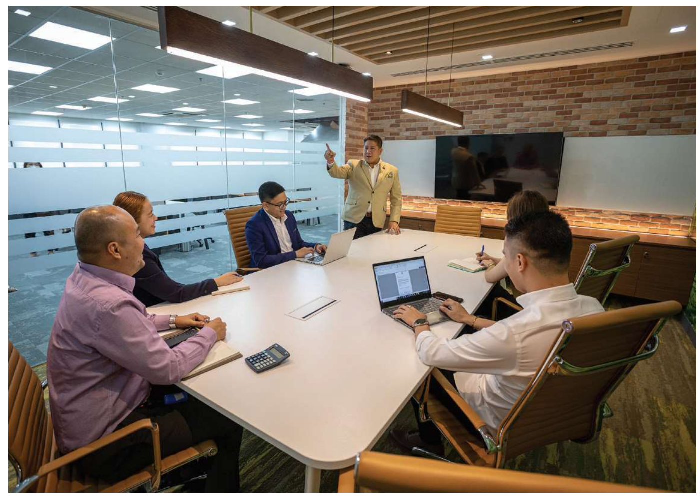
INVESTMENT HIGHLIGHTS

- Strong sponsorship from a leading real estate developer with an established commercial development track record
- Resilient Philippines BPO industry with a robust growth profile supported by strong demand fundamentals
- PEZA-accredited Grade A commercial assets geographically diversified across major Philippine CBDs
- Stable income from long leases and high-quality tenants predominantly from the BPO sector
- Strong organic growth from fixed rental escalations & inorganic growth from the Sponsor acquisition pipeline
- Management team and Board of Directors with strong track record and extensive experience
- ESG policies with responsible growth that reaches underserved markets, reshaping communities & creating value

INVESTMENT CRITERIA

RCR's principal investment strategy is to invest in a diversified portfolio of income-producing commercial real estate assets strategically located in destination estates, major central business districts (CBDs), transportation hubs, and key cities and urban areas across the Philippines.

In determining future investments to expand RCR's REIT Portfolio, the key criteria in making an investment decision include:



- **Yield Accretive:** Asset infusion should provide attractive dividend growth through property acquisitions that are yield accretive and through contracted rental escalation;
- **3-year Profitability History:** Have an operating profitability history of more than 3 years (a legal hurdle that the Company has to comply with);
- **Stable Occupancy:** Have consistently high occupancy rates based on prevailing market terms;
- **Location and Accessibility:** The potential property should be (i) located in a CBD, emerging business districts, or key cities across the Philippines, typically with high-growth potential; and (ii) in proximity to various modes of public transport and major roads for enhanced accessibility to tenants;
- **Office Tenant Profile:** The potential property should target clients that will contribute to the portfolio's diversified tenant base, predominantly targeting all sub-sectors of the IT-BPM and BPO industry, traditional office tenants, as well as other tenant categories that will contribute to the stable occupancy of the buildings.

THREE-YEAR INVESTMENT STRATEGY OF RCR

The principal strategy of RCR is to invest on a long-term basis in a diversified portfolio of income-producing commercial real estate assets strategically located in destination estates, major central business districts (CBDs), transportation hubs, and key cities and urban areas across the Philippines. RCR intends to grow its portfolio by infusing assets from its Sponsor and/or from unrelated third parties, subject to market conditions, that are dividend yield accretive. RCR will continue to create value for shareholders by pursuing growth that complements the development and advancement of society. The Company intends to maintain a high occupancy rate by targeting a diversified tenant base, predominantly targeting all sub-sectors of the IT-BPM and BPO industry, traditional office tenants, as well as other tenant categories that will contribute to the stable occupancy of the building. The Fund Manager (RL Fund Management, Inc.) and the Property Manager (RL Property Management, Inc.) collaborate with the Company's Management Team to ensure the smooth operation of the Portfolio and pursue opportunities for both organic and inorganic growth to improve shareholder return.

The Fund Manager shall, following the provisions of the REIT Law and the Fund Management Agreement, implement the investment strategies of RCR by determining the allocation of the Company's assets to the allowable investment outlets per the REIT Plan and RCR's investment strategies. Selecting income-generating real estate is also done in accordance with the investment strategies of RCR.

Governance policies and procedures are put in place at the RCR level, and independently, at the Fund Management and Property Management levels, to ensure that the best interests of RCR's shareholders are always at the forefront. Major decisions go through a due diligence process. It begins with a thorough discussion, which leads to obtaining the necessary corporate approvals, and finally, acquiring the approval from its independent directors. All related property transactions are subject to the unanimous approval of RCR's independent directors.

The Fund Manager plans to achieve its key objectives for RCR through implementing the following strategies:

Pro-active asset management to achieve organic growth.

The Fund Manager intends to take a proactive management approach to the Portfolio. They will actively monitor opportunities for asset enhancement initiatives to improve the quality of the Properties to achieve higher rental rates and deliver improved returns to shareholders. The Fund Manager actively engages with the Property Manager to ensure a proactive asset management strategy by:

- Establishing a capital expenditure schedule and policy that proactively pre-empts and addresses issues regarding asset quality, and considers asset enhancement initiatives based on tenant needs or demands to command optimal rental rates for the assets.
- Monitoring costs and expenses relating to the management of assets in the Portfolio or other expenses relating to the operation of RCR to ensure cost efficiency is achieved wherever possible.
- Proactively managing lease renewals in advance of expiries, reconfiguring or expanding tenant spaces in response to tenants' needs, and negotiating higher rental rates for new leases.
- Maintaining good relationships with tenants via regular close dialogue to be able to nimbly respond to tenants' needs and requirements.

The Property Manager has also been engaged to provide lease and property management, among other services to ensure smooth operations of the assets in the Portfolio, support the Company's and Fund Manager's strategy, and deliver optimal returns to Shareholders.

Inorganic growth strategy via improvement of existing assets and new asset acquisitions.

The Fund Manager intends to pursue inorganic growth opportunities either through improving existing assets to command higher rental rates or through the dividend yield accretive acquisitions of high-quality commercial properties that complement the Portfolio to an extent allowable by the REIT rules and in accordance with the Company's overall strategy.

The Fund Manager will also actively monitor the market for opportunities to acquire high-quality commercial properties that meet the investment criteria of RCR, including being dividend yield accretive, and complementary to the strategy of the Company. In particular, the Fund Manager will consider potential assets for acquisition from the Sponsor's extensive pipeline of income-producing commercial assets, as well as commercial assets owned by external parties.

RCR will consider asset acquisitions via different financing methods including equity and debt capital raising transactions, bank loans, tax-free exchange, etc., depending on what is in the Company's best interests. As of December 31, 2023, RCR has zero debt.

Predominant focus on key Metro Manila CBDs and major regional commercial hubs.

The Fund Manager intends to predominantly focus on premium commercial assets situated in highly accessible CBD locations in Metro Manila as well as major regional commercial hubs. The Fund Manager intends to leverage the experience and market dominance of the Sponsor in these markets to achieve the best returns for our Shareholders.

Active capital and risk management.

The Fund Manager will closely monitor and manage the Company's liquidity, balance sheet, and overall financial resources to ensure RCR's long-term financial health, while also pursuing the optimal returns for Shareholders. As part of its capital management strategy, the Fund Manager may optimize the funding and capital structure of the Company by tapping into the capital markets for debt and/or equity capital, as well as hybrid or other forms of capital. In addition, the Fund Manager will consider liquidity, interest rate, and other relevant financial risks when adopting appropriate hedging policies to manage its risk exposure.

INVESTMENT OBJECTIVES

- RCR continues to be a landmark offering and aims to be the leader in the Philippines' REIT industry in terms of market capitalization with the longest land lease tenure and diverse geographical reach. RCR intends to grow its Portfolio by infusing assets from its Sponsor and/or from unrelated third parties, subject to market conditions.
- Grow asset size via the acquisition of dividend yield accretive assets from the Sponsor or third parties through equity and/or leverage. RCR will continue to infuse more assets that meet the set investment criteria. It will also continue to create value for shareholders by pursuing growth that complements the growth and advancement of society. The debt-free status of RCR provides even greater financial flexibility moving forward.
- Endeavors to target a low annual double-digit total shareholder return. This can be attained through continuous property acquisitions which are dividend yield accretive, along with contracted escalation rates and stable dividend yield.

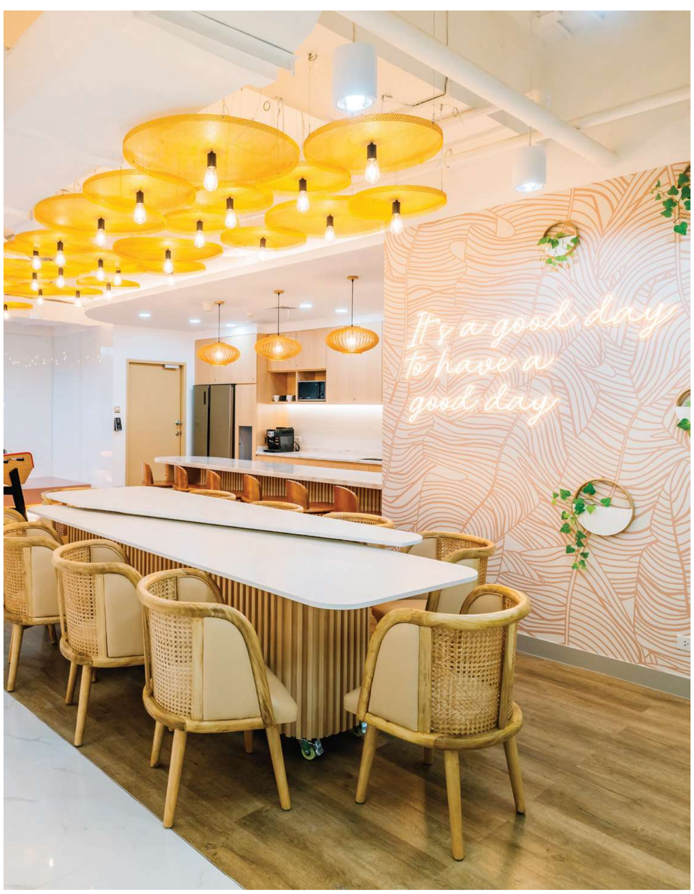
FINANCING STRATEGY

RCR will consider asset acquisitions via different financing methods, including but not limited to tax-free exchange via asset-for-share swap or cash with the Sponsor, equity and debt capital raising transactions, and bank loans, depending on what is in RCR's best interests. As of 31 December 2023, RCR has zero debt.

EXTERNAL ENVIRONMENT

HIGH VACANCY RATES WITH FUTURE OPTIMISM

The office sector continues to face high vacancy rates, standing at 18% in Q2 2023. However, there is optimism for recovery, as industry experts from CBRE project that vacancy rates will taper down to single digits between 2025 and 2027. As businesses adapt to evolving workplace demands, RCR remains focused on attracting quality tenants by providing premium office spaces that meet the highest standards of safety, functionality, and sustainability.



CREATE MORE **BILL AND WORK-FROM-HOME CAP**

In 2023, the government introduced the CREATE More Bill, which places a cap on work-from-home (WFH) arrangements at 50% for registered business enterprises (RBEs). This means companies with tax incentives must require at least half of their workforce to operate on-site. This development presents opportunities for office landlords as more businesses must lease physical office spaces to comply with the new regulations. RCR is poised to meet this demand by offering flexible, high-quality office solutions for companies looking to balance WFH with return-to-office strategies.

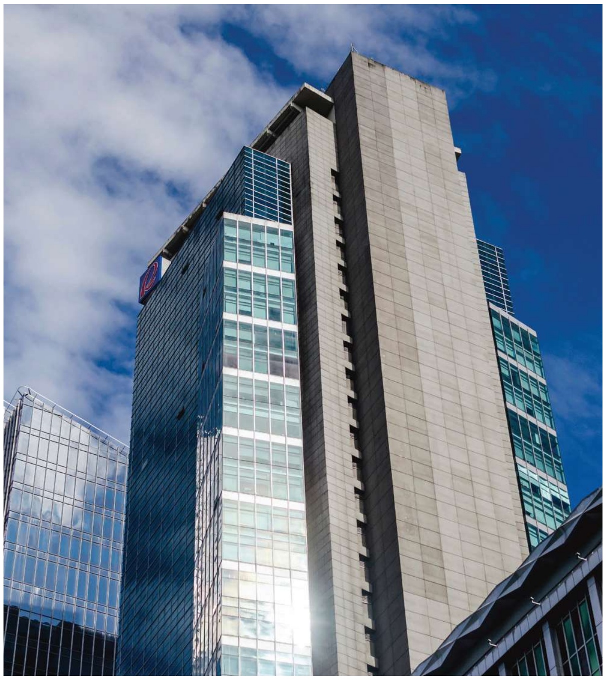
INFRASTRUCTURE DEVELOPMENTS AND THEIR IMPACT ON OFFICE DEMAND

The government's ambitious Build Better More infrastructure program, which includes 194 flagship projects worth Php 8.9 trillion, is expected to drive economic growth and enhance connectivity across the country. These infrastructure developments, such as rehabilitating Ninoy Aquino International Airport (NAIA) and various transportation projects, are expected to decongest Metro Manila and boost demand for office spaces in the provinces. As businesses and workers increasingly relocate outside the capital, RCR, with the widest geographical reach among REITs, is well-positioned to capture this growing market. By expanding its provincial office portfolio, RCR aligns with national efforts to promote regional development and economic inclusivity.

RCR remains resilient and forward-thinking in the face of external challenges. Through strategic initiatives and an unwavering focus on quality and sustainability, the company is well-positioned to navigate the evolving landscape and continue providing growth opportunities to its stakeholders.

OUR OUTLOOK

IMPROVING OCCUPANCY



By consistently delivering high-quality office spaces tailored to the evolving needs of businesses, RCR has maintained strong occupancy rates. With the economy reopening and companies shifting back to on-site work, demand for physical office spaces has increased, driven by the desire to foster collaboration and productivity. RCR expects this momentum to continue as more businesses prioritize well-designed, sustainable work environments.

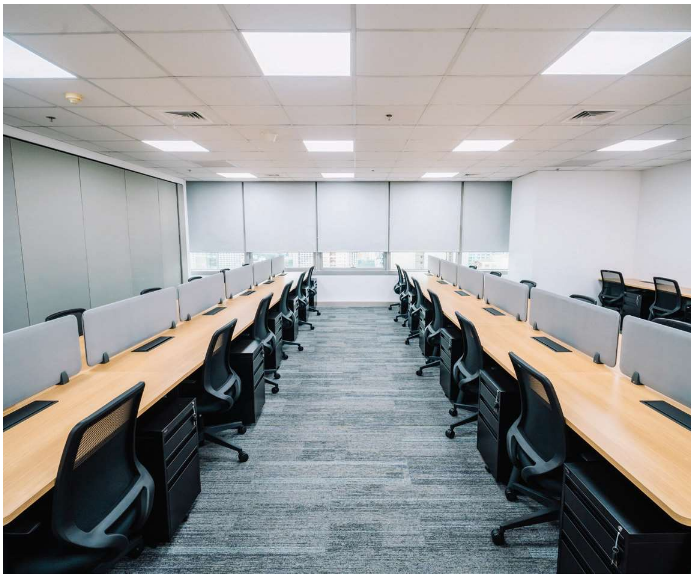
GREEN IS THE NEW GOLD

Sustainability remains a cornerstone of RCR's operations. In 2023, our Sigma and Alpha buildings received EDGE certification, adding to RCR's growing portfolio of green buildings. This includes Beta and Gamma, Exxa and Zeta Towers (LEED Silver), and Tera Tower (LEED Gold). In June 2023, RCR cemented its leadership in sustainability by becoming the first REIT EDGE Champion. This focus on sustainability strengthens RCR's commitment to environmental stewardship and enhances its properties' long-term value.

GIVING BACK

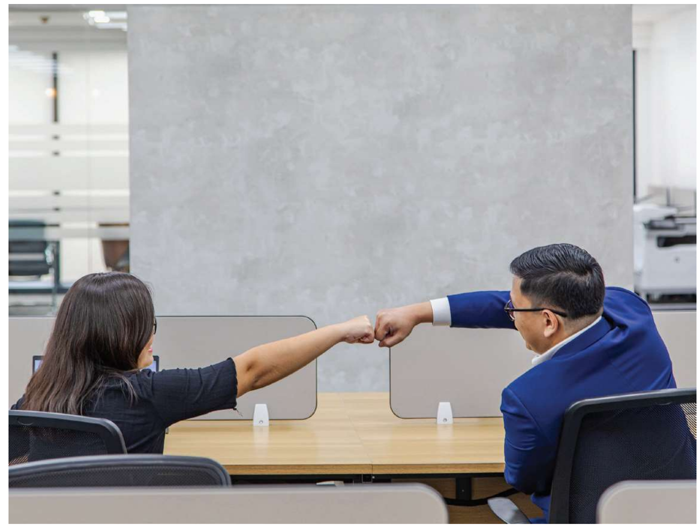
RCR continues to prioritize corporate social responsibility with initiatives that positively impact communities. In December, RCR participated in the "Home for the Angels" project, reinforcing its dedication to community support. Additionally, the RLusog program packed 2,667 meal sets that nourished 185 individuals in Davao for one month. The program also extended to Ilugin Elementary School, where 100 students were fed, ensuring they received proper nutrition to focus on their education. Through the Robinsons RLove CSR Program, RCR supported 36 beneficiaries, who completed a four-month livelihood program in partnership with ICM, in Bacaca, Davao City to help improve the lives of marginalized communities.

AWARD-WINNING WAYS



RCR's excellence in corporate governance and sustainability was recognized in 2023 with several prestigious awards. The company earned the Golden Arrow Award for its strong governance practices and its parent company, Robinsons Land Corporation, received an ESG Citation from PropertyGuru Philippines Property Awards. Both awards affirm RCR's leadership in Environmental, Social, and Governance (ESG) initiatives. These recognitions underscore RCR's unwavering commitment to maintaining high standards in both governance and sustainability.

FLIGHT TO QUALITY



RCR has focused on enhancing the quality of its spaces as businesses seek to upgrade their office environments. In 2023, the company implemented significant upgrades to its facilities, including lobby renovations and improvements to key amenities such as elevators. Robinsons Equitable Tower's lobby renovation was a standout project, offering tenants and visitors a refreshed and enhanced experience. These upgrades reflect RCR's commitment to delivering high-quality office spaces that meet the needs of modern businesses.

Looking ahead, RCR is well-positioned to drive further growth through its strategic initiatives, continued focus on sustainability, and commitment to creating value for all stakeholders.

HOW WE CREATE VALUE

HOW WE CREATE **VALUE – GROWING** THE REIT

The principal investment mandate of RCR is to focus on investing on a long-term basis in a diversified portfolio of income-producing commercial real estate assets strategically located in destination estates, major central business districts (CBDs), transportation hubs, and key cities and urban areas across the Philippines. RCR intends to grow its portfolio by infusing assets from its Sponsor and/or from unrelated third parties (subject to market conditions) that are dividend yield accretive. The Company intends to maintain a high occupancy rate by targeting a diversified tenant base, predominantly targeting all sub-sectors of the IT-BPM and BPO industry, traditional office tenants, and other tenant categories that will contribute to the stable occupancy of the buildings.

RCR has an excellent expansion pipeline as it enjoys the full support and backing of RLC which gives it access to over 400,000 square meters (sqm) of gross leasable area (GLA) for acquisition. RLC remains steadfast in its commitment to support RCR. By acquiring more office spaces, RCR aims to maximize the earning potential of its properties, provide investors with stable returns by boosting dividend yield, and create value for shareholders by pursuing investments that complement the development and advancement of society.

In determining future investments to expand RCR's REIT Portfolio, the following key criteria are considered

- **Yield Accretive:** Asset infusion should provide attractive dividend growth through yield-accretive property acquisitions and contracted rental escalation;
- **3-year Profitability History:** Have an operating profitability history of more than 3 years;
- **Stable Occupancy:** Have consistently high occupancy rates based on prevailing market terms;
- **Location and Accessibility:** The potential property should be (i) located in a CBD, emerging business districts, or key cities across the Philippines, typically with high-growth potential; and (ii) in proximity to various modes of public transport and major roads for enhanced accessibility;
- **Tenant Profile:** The potential property should target clients that will contribute to the office portfolio's diversified tenant base, predominantly targeting all sub-sectors of the IT-BPM and BPO industry, traditional office tenants, and other tenant categories that will contribute to the stable occupancy of the buildings.

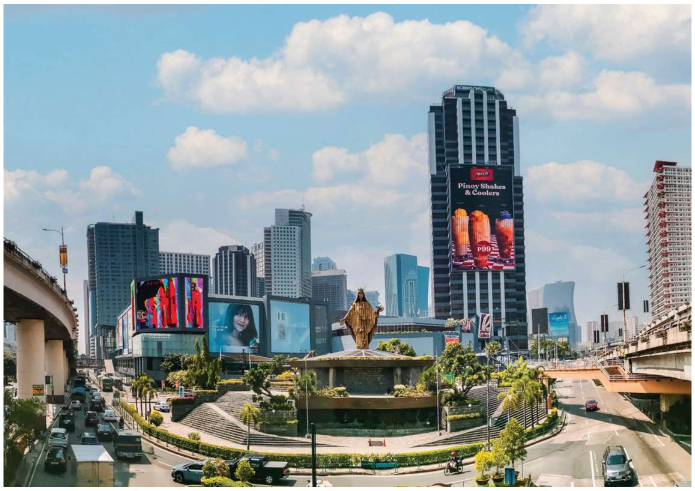
THREE-YEAR INVESTMENT STRATEGY

In compliance with the reportorial requirements of the REIT Implementing Rules and Regulations under Republic Act No. 9856, the Real Estate Investment Trust Act of 2009, RL Fund Management, Inc. ("RLFMI" or "The Fund Manager"), is mandated to manage and grow the RCR portfolio of assets consistent with its investment criteria. To achieve this, RLFMI employs the following strategies:

Proactive asset management to achieve organic growth

- The Fund Manager intends to take a proactive approach to the management of the Portfolio. They actively monitor opportunities for asset enhancement initiatives to improve the quality of the Properties, achieve higher rental rates, and deliver improved returns to shareholders.
- **Inorganic growth strategy via improvement of existing assets and new asset acquisitions** The Fund Manager intends to pursue inorganic growth opportunities by improving existing assets to command higher rental rates or acquiring dividend yield accretive and high-quality commercial properties that complement the Portfolio and follow REIT rules and the Company's overall strategy.

The Fund Manager will also actively monitor the market for opportunities to acquire high-quality commercial properties that meet the investment criteria of RCR, including being dividend yield accretive and complementary to the strategy of the Company. In particular, the Fund Manager will consider potential assets for acquisition from the Sponsor's extensive pipeline of income-producing commercial assets and commercial assets owned by external parties.



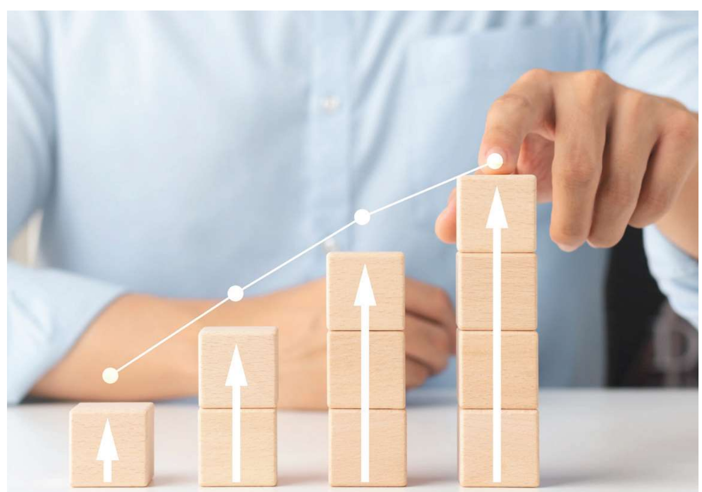
- **Predominant focus on key Metro Manila CBDs and major regional commercial hubs** The Fund Manager intends to predominantly focus on commercial assets in prime CBD locations in Metro Manila and other major regional commercial hubs. The Fund Manager also intends to leverage the experience and market dominance of the Sponsor in these markets to achieve the best returns for our shareholders.
- **Active capital and risk management** The Fund Manager will closely monitor and manage the Company's liquidity, balance sheet, and overall financial resources to ensure RCR's long-term financial health while also pursuing optimal returns for Shareholders. As part of its capital management strategy, the Fund Manager may optimize the funding and capital structure of the Company by tapping into the capital markets for debt and/or equity capital, as well as hybrid or other forms of capital as deemed appropriate. In addition, the Fund Manager will consider liquidity, interest rate, and other relevant financial risks to adopt appropriate hedging policies to manage risk exposure.

INVESTMENT OBJECTIVES

RCR continues to be a landmark offering that aims to be the leader in the Philippines' REIT industry in terms of market capitalization with the longest land lease tenure and diversified geographical reach. RCR intends to grow its Portfolio by infusing assets from its Sponsor and/or unrelated third parties, subject to market conditions.

Grow asset size that are dividend yield accretive via the acquisition of assets from the Sponsor or third parties through equity and/or leverage. RCR will continue to infuse more assets that meet the set investment criteria. RCR will continue to create value for shareholders by pursuing growth that complements the development and advancement of society. The debt-free status of RCR provides for even greater financial flexibility moving forward.

Endeavors to target a low annual double-digit total shareholder return. This can be attained through continuous property acquisitions which are dividend yield accretive, along with contracted escalation rates and stable dividend yield.



SUSTAINABILITY

In 2023, RL Commercial REIT, Inc. (RCR) strengthened its commitment to sustainability through advancements in environmental stewardship, social responsibility, and corporate governance. RCR's efforts align with the United Nations' Sustainable Development Goals (SDGs), addressing key areas such as climate action, energy management, water conservation, waste reduction, and community impact. With a clear focus on creating long-term value, RCR continuously implements forward-thinking initiatives across its operations.

ENVIRONMENTAL STEWARDSHIP

Climate Action and Energy Management

In 2023, RCR's sustainability efforts were highlighted by an expanded portfolio of green-certified buildings, designed to reduce carbon emissions and energy consumption. As of 2023, RCR's green-certified properties include:

Tera Tower (LEED Gold)
Exxa & Zeta Towers (LEED Silver)
Cyberscape Gamma (EDGE certified)
Cyberscape Alpha (EDGE certified)
Cyberscape Beta (EDGE certified)
Cyber Sigma (EDGE certified)

These certifications reflect RCR's ongoing focus on energy efficiency, which has resulted in energy savings of up to 47% for tenants in these properties. RCR continues to implement energy-saving technologies such as LED lighting systems and non-ozone-depleting refrigerants in air conditioning units.

In 2023, the overall energy consumption totaled 378,416.24 GJ, a 7.8% increase from 2022 due to increased occupancy and return-to-office trends. Despite the rise, RCR is dedicated to improving energy efficiency by certifying more buildings through LEED and EDGE certifications.

Energy consumption within the organization:

Disclosure	2022	2023	Unit
Energy consumption (renewable sources)	None	None	GJ
Energy consumption (gasoline)	None	None	GJ
Energy consumption (LPG)	None	None	GJ
Energy consumption (diesel)1,2	4,163.02	5,762.55	GJ
Energy consumption (electricity)	350,868.22	378,416.24	GJ

[1]Diesel is used for standby generators.

Water Management

RCR continues to prioritize water conservation across its properties. In 2023, RCR consumed 417,336.79 cubic meters of water, while recycling and reusing 657 cubic meters. Certified buildings within the RCR portfolio use rainwater harvesting systems and greywater recycling, contributing to an 11% reduction in water consumption compared to conventional buildings.

To further its water conservation efforts, RCR is exploring new technologies that improve the recovery and reuse of rainwater, reduce water discharge, and minimize groundwater extraction. These innovations will ensure that RCR's water management practices continue to lead the way in sustainability.

Water consumption within the organization

Disclosure	2022	2023	Units
Water withdrawal	361,584.89	521,670.99	Cubic meters
Water consumption	314,578.85	417,336.79	Cubic meters
Water recycled and reused	300.82	657.00	Cubic meters

[1]*Significant increase is due to higher Return-to-Office rates in 2023.*

SOCIAL RESPONSIBILITY

Job Creation and Community Development

RCR is dedicated to fostering community development through its sustainability initiatives. In 2023, RCR created over 45,000 jobs through its office spaces, many of which are leased to Business Process Outsourcing (BPO) companies, a key driver of economic activity.

Community Engagement Activities

RCR's R Sikap program, in partnership with the International Care Ministries Foundation and supported by its parent company, Robinsons Land, aims to provide sustainable livelihood opportunities to those in need. In 2023, through the RLove Foundation, RCR distributed three RLove Livelihood Carts in Davao and provided livelihood training to 60 individuals in Davao and Bacolod. The program included year-long livelihood training, offering mentorship and seed capital to help beneficiaries start their own businesses.

As part of its community outreach, RCR, with the support of Robinsons Land, organized a Christmas event at Home for the Angels, an institution for abandoned babies. The event included donations of gifts, essential supplies, and meals for the staff to ensure continued support for the foundation's operations.

Education and Health Initiatives

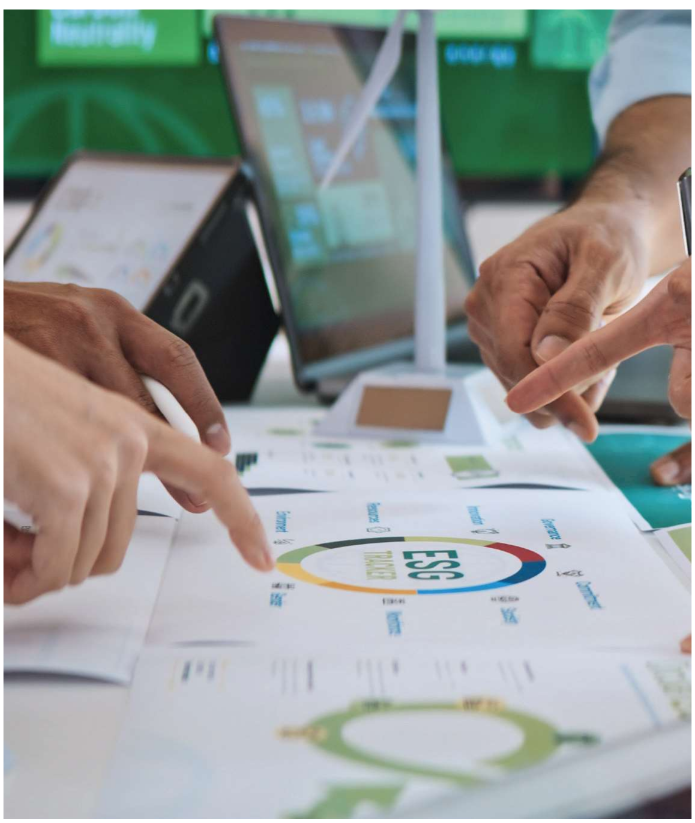
The R Lusog feeding program, also facilitated by the RLove Foundation, addresses malnutrition in partnership with the Giving Hope Foundation. In 2023, RCR provided healthy meals to 138 students at Ilugin Elementary School in Pasig. This program ran for a full school year to improve students' health and school participation. Additionally, RCR supported the Hunger Relief Program. With the help of 40 RCR and Robinsons Land volunteers, over 2,667 meals were distributed to 185 ultra-poor individuals.

CORPORATE GOVERNANCE

RL Commercial REIT, Inc. ("The Company") acknowledges that good corporate governance is essential to build an environment of trust, transparency, and accountability. This is essential for fostering the company's long-term performance, financial stability, business integrity, and sustainability. More importantly, good corporate governance helps protect the interests of shareholders and other stakeholders.

Corporate governance is the framework of rules, systems, and processes that govern the Board of Directors and Management's performance of their duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for daily business conduct.

The Company continuously strives to strengthen and improve corporate governance by adopting best practices including building a competent board, aligning strategies with goals, managing risks effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.



CORPORATE GOVERNANCE HIGHLIGHTS

Consistent with the Revised Corporate Governance Manual and according to the recommendations provided in the Code of Corporate Governance for Publicly Listed Companies (PLCs), the Company strengthened its policies on Board Diversity, Board Nomination and Election, Succession Planning and Remuneration, Material Related Party Transactions, and Whistleblowing to reinforce the governance framework of the Company. These policies may be accessed through the Company's website in the Governance section, https://www.rlcommercialreit.com.ph/governance/company-policies.

On May 29, 2023, the Company submitted the Integrated Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 mandating all PLCs to disclose the Company's compliance and non-compliance with the recommendations provided by the Corporate Governance Code for PLCs. Under the "comply or explain" approach, voluntary compliance for recommending best practices for corporate governance is combined with mandatory disclosure.

The Company's I-ACGR may be accessed through the Company website, https://www.rlcommercialreit.com.ph/annual-corporate-governance-reports.

Last September 2023, the Institute of Corporate Directors awarded RCR the Golden Arrow recognition. This recognition aligns with the ASEAN Corporate Governance Scorecard (ACGS), which measures a company's performance in facilitating the rights and equitable treatment of shareholders, how they relate to their different stakeholders, and ensuring transparency and accountability through timely disclosure of material information. It also measures how the Board guides the company strategically, monitors their management, and the Board's accountability towards their company and shareholders.

ABOUT THE BOARD OF DIRECTORS

The Board of Directors is primarily responsible for the governance of the Company and provides an independent check on management. Its duty is to foster the Company's long-term success and ensure that the Company's competitiveness and profitability will be sustained in a manner consistent with its corporate objectives for the best interest of the Company and its stakeholders.

The Board formulates the Company's vision, mission, strategic objectives, policies, and procedures that guide its activities, including effectively monitoring Management's performance. It provides direction and approval for the Company's business strategies, policies, and plans, while the day-to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill, and judgment while observing good faith and loyalty in managing the Company's business affairs. It ensures that all its actions are within the scope of power and authority prescribed in the Articles of Incorporation, By-Laws, existing laws, rules, and regulations. To uphold the high standards of the Company, its shareholders, and other stakeholders, the Board conducts itself with honesty and integrity while performing its duties and responsibilities.

Balanced Board Composition

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. With an implemented Board Diversity policy, RCR does not discriminate based on gender, age, disability, ethnicity, nationality, political, religious, or cultural background when selecting its Directors or candidates for Director positions. The current board is diverse in expertise, professional experiences, and academic backgrounds, all valuable to the company.

The Board of Directors is composed of 7 members; 5 Non-Executive Directors and 3 Independent Directors. Furthermore, the posts of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is established and set out in the Revised Corporate Governance Manual.

Board Duties and Responsibilities

The Company's Corporate Governance Manual specifies the roles, duties, and responsibilities of the Board of Directors in compliance with relevant laws, rules, and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

General Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation and sustain its competitiveness and profitability in a manner consistent with corporate objectives and in the best interest of the Corporation, its shareholders, and stakeholders.

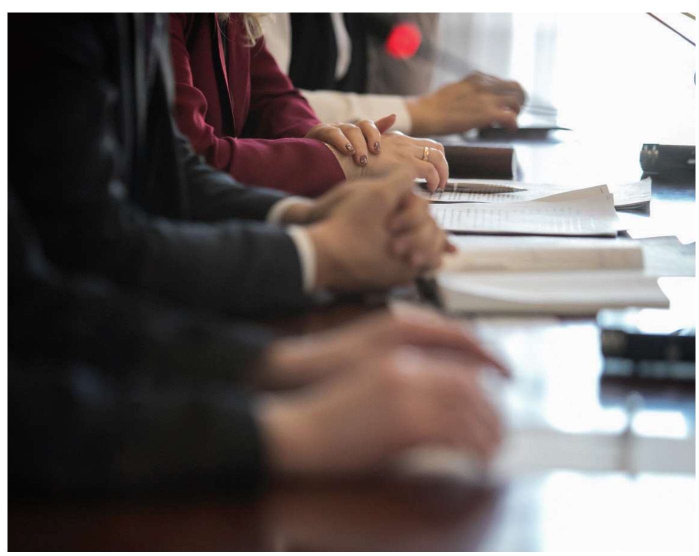
Duties and Functions

To conform with the high standards of the Corporation, its shareholders, and other stakeholders, the Board shall conduct itself with honesty and integrity in performing the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development and approval of the Company's business objectives and strategies, and monitor their implementation to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans. They must also set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions, and divestitures;
- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise, experience, and gender;
- Oversee the implementation of a policy and system on related party transactions (RPTs), including the review and approval of material or significant RPTs, and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an Enterprise Risk Management (ERM) framework to identify, monitor, assess, and manage key business risks;
- Ensure the Corporation's compliance with the Anti-Money Laundering Act (AMLA), its rules and regulations, directives, and guidance from the Anti-Money Laundering Council (AMLC).
- Annually review, together with Management, the Company's vision and mission;
- Ensure the Corporation's faithful compliance with all applicable laws, regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the shareholders informed of important developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility over this program;
- Identify the Corporation's Stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a "check and balance" system within the Board. A regular review of the effectiveness of such a system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to the Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- Consider implementing an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

Board Independence

The Board has three Independent Directors (IDs) who possess all the necessary qualifications and none of the disqualifications to hold the position. The Company complies with the Corporate Governance best practice of having 3 IDs or having IDs comprise 30% of the Board of Directors (BOD), whichever is higher, to ensure that proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company shall abstain from participating in the deliberation of the same.



Board Training and Orientation

The Company ensures that the Directors can perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of business. Orientation programs are conducted for first-time Directors to ensure new members are appropriately apprised of their duties and responsibilities. These include an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential to performing their functions. As a matter of continuous professional education, the Company facilitates training opportunities for the Directors and Key Officers.

Last June 14 and October 19, 2023, In-house Corporate Governance Training sessions entitled "UNBOX EXTRA: The Gokongwei Group Innovation Festival – The Generative Revolution: Exploring the Advancements and Applications of AI-Driven Creativity" were held for Directors and Executives.

Board Committees

To better focus on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the different Board Committees that each have a specific purpose. The Board Committees are the Audit Committee, Corporate Governance Committee, Board Risk Oversight Committee (BROC), and the Related Party Transactions Committee.

Audit Committee

The Audit Committee oversees and monitors the Company's financial reporting process, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It ensures that systems and processes are in place to ensure consistent adherence to regulations and policies, achieve efficiency and effectiveness in business operations, and safeguard the use of the Company's resources and assets.

Position	Director
Chairman	Artemio V. Panganiban (ID)
Members	Wilfredo A. Paras (ID) Cesar Luis F. Bate (ID) Frederick D. Go Kerwin Max S. Tan

Corporate Governance Committee

The Corporate Governance Committee oversees the development and implementation of Corporate Governance principles and policies. They also recommend a formal framework for the nomination, remuneration, and evaluation of the performance of the Directors and key Management Officers consistent with the Company's culture, strategies, and business environment.

Position	Director
Chairman	Cesar Luis F. Bate (ID)
Members	Artemio V. Panganiban (ID) Wilfredo A. Paras (ID) Frederick D. Go Kerwin Max S. Tan

Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of an ERM framework that effectively identifies, monitors, assesses, and manages key business risks, and assesses the effectiveness of risk management strategies. The BROC is responsible for defining the Company's level of risk tolerance and providing oversight of its risk management policies and procedures to anticipate, minimize, control, and manage risks or possible threats to its operational and financial viability.

They also oversee the optimal performance, compliance, and cooperation with the Anti-Money Laundering Council (AMLC) and the Anti-Money Laundering Act (AMLA).

Position	Director
Chairman	Wilfredo A. Paras (ID)
Members	Artemio V. Panganiban (ID) Cesar Luis F. Bate (ID) Frederick D. Go Kerwin Max S. Tan

Related Party Transactions Committee

The Related Party Transactions Committee ensures a group-wide policy and system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold. The RPT Committee shall perform the appropriate review and approval of MRPTs to guarantee fairness and transparency of the transactions.

Position	Director
Chairman	Cesar Luis F. Bate (ID)
Members	Artemio V. Panganiban (ID) Wilfredo A. Paras (ID)

Board Meetings and Quorum Requirement

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws, and convenes special meetings as required by business exigencies. The notice and agenda of the meeting and other relevant materials are given to the Directors at least five (5) business days prior to the meeting, which must be duly minuted. The members of the Board attend regular and special meetings in person or through video/teleconferencing conducted in accordance with the rules and regulations of the SEC, except for justifiable reasons that prevent them from doing so. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits an advisement letter with the Directors' Board meeting attendance records to the Commission.

Attendance of Directors

January 1, 2023 to December 31, 2023

Board member	Name	Date of Election	No. of meetings attended/ held	Percent of meetings attended (%)	Year and Month of First Appointment
Director, Chairman	Frederick D. Go	May 12, 2023	6/6	100.00%	May 2021
Director, President and CEO	Jericho P. Go	May 12, 2023	6/6	100.00%	May 2021
Director	Lance Y. Gokongwei	May 12, 2023	6/6	100.00%	May 2021
Director and Treasurer	Kerwin Max S. Tan	May 12, 2023	6/6	100.00%	May 2021
Independent Director	Artemio V. Panganiban	May 12, 2023	6/6	100.00%	May 2021
Independent Director	Wilfredo A. Paras	May 12, 2023	6/6	100.00%	May 2021
Independent Director	Cesar Luis F. Bate	May 12, 2023	6/6	100.00%	May 2021

The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in conducting their meetings, which entails preparing the annual schedule for the Board and Committee meetings and the annual Board calendar. He also assists the Board and Committee Chairmen in setting meeting agendas and ensures the integrity of the minutes of the meetings of the Board and its Committees, as well as other official records of the Company.

The Corporate Secretary keeps abreast of relevant laws, regulations, governance issuances, relevant industry developments, and operations of the Company. They also advise the Board and the Chairman on all relevant issues. They work fairly and objectively with the Board, its Committees, Management, and shareholders. The Corporate Secretary also contributes to the flow of information between all parties.

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

The Compliance Officer

The Compliance Officer monitors, reviews, evaluates, and ensures the compliance of the Company, its Officers, and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Corporate Governance Code, rules and regulations, and all governance issuances of regulatory agencies. They also ensure the integrity and accuracy of all documentary submissions to the regulators, identify possible areas of compliance issues, and work towards their resolution. They assist the Board and the Corporate Governance Committee in performing their governance functions, including overseeing the formulation, review, and implementation of the Corporate Governance structure and Company policies.

Matias G. Raymundo Jr. is the Chief Financial Officer and Compliance Officer of the Company. Presently, Mr. Raymundo is also the Assistant Vice President of Financial Planning and 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 2017-2018, and Officer in Charge of Corporate Affairs from 2018-2019. He obtained his Bachelor of Science in Commerce, majoring in Management Accounting, from the Central Philippine University in 2005.

STAKEHOLDERS WELFARE, TRANSPARENCY, AND **ANTI-CORRUPTION**

Duty to Shareholders

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective, and transparent operation of the Company, including its ability to attract investment and enhance shareholder value. This also includes the Company's commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights, such as:

- Right to vote on all matters that require their consent or approval,
- Right to inspect corporate books and records,
- Right to information,
- Right to dividends, and
- Appraisal right

The Company is transparent and fair in conducting the annual and special shareholders' meetings. To foster active shareholder participation, the Board sends the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting, in compliance with the Implementing Rules and Regulations of the Securities Regulation Code. The shareholders are encouraged to personally attend such meetings. Shareholders who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the law, rules and regulations, and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in favor of the shareholder.

Guided by the principles of fairness, accountability, and transparency to the shareholding public, the Company ensures that the results of the votes taken during the most recent Annual or Special Shareholders' Meeting are made available by the next working day.

Duty to Other Stakeholders

The Company recognizes the importance of interdependence between business and society and promotes a mutually beneficial relationship that encourages the Company's sustainable growth while contributing to the advancement of the society where it operates. The Company employs value chain processes that consider Economic, Environmental, and Social Governance (EESG) issues and concerns.

Customers' Welfare

The Company adopts customer relations policies and procedures to protect each customer's welfare. This includes providing customer relations contact information to address customer questions and concerns.

Supplier/Contractor Selection

The Company follows the Supplier Accreditation and Selection policies to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Aside from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

The Board also establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance including but not limited to:

- Health, safety, and welfare;
- Training and development; and
- Reward and compensation

Performance-enhancing mechanisms for employee participation

The Company abides by the Department of Labor and Employment's standards and policies. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed, and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to foster a high-performing organization that will facilitate learning and develop intellectual and personal growth for all employees through targeted and customized training and development programs.

Anti-corruption Programs and Procedures

The Company is committed to promoting transparency and fairness for all its stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and Offenses Subject to Disciplinary Action (OSDA), among others. These policies and programs are disseminated to all employees across the Company through training sessions to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics while all employees are given periodic reminders. Furthermore, all concerned employees of the Company are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also enforces its established framework for whistleblowing to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices, without fear of retaliation. This also allows them direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

The anti-corruption programs and procedures of the Company cover the following:

- Anti-Bribery and Anti-Corruption Policy
- Conflict of Interest
- Conduct of Business and Fair Dealings
- Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Respect for Trade Secrets/Use of Nonpublic Information
- Use of Company Funds, Assets and Information
- Employment and Labor Laws and Policies
- Disciplinary Action
- Whistleblowing
- Conflict Resolution

ENTERPRISE RISK MANAGEMENT AND INTERNAL CONTROLS

Enterprise Risk Management (ERM)

The ERM ensures that a sound ERM framework is in place to effectively identify, monitor, assess, and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the Company operations to increase accountability and ownership in executing the Company's internal control framework. To accomplish the established goals and objectives, the Company implements robust and efficient process controls to ensure:

- Compliance with policies, procedures, laws and regulations,
- Economic and efficient use of resources,
- Check and balance and proper segregation of duties,
- Identification and remediation of control weaknesses,
- Reliability and integrity of information, and
- Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

Adequate and Timely Information

For Directors to properly fulfill their duties and responsibilities, Management provides them with complete, adequate, and timely information about matters to be discussed during their meetings. Information may include background or explanation of matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents. If Management provides insufficient information, a Director can make further inquiries so they can properly perform their duties and responsibilities. The Directors have independent access to the Management and to the Corporate Secretary.

To better perform their duties and responsibilities, Directors, individually or as a Board, may request independent professional advice within the guidelines set by the Board.

ACCOUNTABILITY AND AUDIT

The Board ensures that its shareholders are provided with a balanced and comprehensible quarterly assessment of the Company's performance, position, and prospects. Interim and other reports that could adversely affect its business are also available on the Company website, including its submissions and disclosures to the SEC and the Philippine Stock Exchange (PSE). Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee under the following guidelines:

- The extent of its responsibility in preparing the financial statements of the Company, with the corresponding delineation of responsibilities that pertain to the External Auditor, should be clearly defined;
- There is an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all shareholders and other stakeholders;

- Based on the approved Internal Audit Plan, Internal Audit examinations should cover, at minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations, and information systems. This includes the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;
- The Company consistently complies with the financial reporting requirements of the SEC;
- The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company should be changed with the same frequency. The Corporate Internal Audit Head should submit to the Audit Committee and Management an annual report on the Corporate Internal Audit Department's activities, responsibilities, and performance relative to the Internal Audit Plan as approved by the Audit Committee. The annual report should include significant risk exposures, control issues, and other matters needed or requested by the Board and Management. The Corporate Internal Audit Head should certify that they conduct their activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If they do not, the Corporate Internal Audit Head shall disclose to the Board and Management the reasons why they have not fully complied with the said documents; and
- The Board, after consultations with the Audit Committee, shall recommend to the shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company and shall provide an objective assurance on the matter by which the financial statements shall be prepared and presented to the shareholders.

Internal Audit

The Corporate Internal Audit is focused on determining whether the governance, risk management, and control processes, as designed and represented by Management, are adequate and functioning in a manner that provides a reasonable level of confidence that:

- Objectives are achieved and employees' actions are compliant with policies, standards, procedures, and applicable laws and regulations;
- Quality and continuous improvement are fostered in the control processes;
- Programs, plans, and objectives are achieved

- Resources are acquired economically, used efficiently, and protected adequately;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Significant key risks are appropriately identified and managed; and
- Significant legislative or regulatory issues impacting the Company are recognized and properly addressed.

Opportunities for improving management control, profitability, and the Company's reputation may be identified during audits.

OTHER MATTERS

Audit and Audit-Related Fees

Name of Auditor	Audit Fee	All Other Fees
SyCip, Gorres, Velayo & Co.	Php1,638,000.00	–

Shareholder structure

Holding 5% shareholding or more (as of December 31, 2023):

Shareholder	No. of shares	Percent	Beneficial owner
Robinsons Land Corporation	7,094,391,706	66.14%	Same as the record owner
PCD Nominee Corporation (Filipino)	3,334,911,693	31.09%	PCD Participants & their clients

Dealing in securities (changes in shareholdings of Directors and key officers)

Elected Directors for CY 2023

Director	Number of Direct Shares	Number of Indirect Shares	% of Total Outstanding Shares
Frederick D. Go	4	0	0.00%
Jericho P. Go	2	0	0.00%
Lance Y. Gokongwei	2	0	0.00%
Kerwin Max S. Tan	4	0	0.00%
Artemio V. Panganiban	2	470,000	0.00%
Wilfredo A. Paras	2	0	0.00%
Cesar Luis F. Bate	2	0	0.00%

Dealing in securities (changes in shareholdings of Directors and key officers)

Elected Directors for CY 2023

Officer	Position/Designation	Number of Direct Shares	Number of Indirect Shares	% of Total Outstanding Shares
Matias G. Raymundo, Jr.	Chief Financial Officer and Compliance Officer	0	0	0.00%
Selene Erica S. Lim	Investor Relations Officer	0	4,000	0.00%
Dennis R. Llarena	Data Privacy Officer	0	0	0.00%
Juan Antonio M. Evangelista	Corporate Secretary	0	0	0.00%
Iris Fatima V. Cero	Assistant Corporate Secretary	0	0	0.00%

Dividends

RCR's dividend policy is to distribute at least 90% of its distributable income. This is in compliance with the REIT Law and the Revised REIT Implementing Rules and Regulations.

Date of Approval by Board of Directors	Distributable Income as of	Cash Dividends per Outstanding Common Share	Record Date	Payment Date
April 21, 2023	March 31, 2023	Php0.0977	May 22, 2023	May 31, 2023
August 9, 2023	June 30, 2023	Php0.0978	August 24, 2023	August 31, 2023
November 7, 2023	September 30, 2023	Php0.0979	November 21, 2023	November 30, 2023
February 5, 2024	December 31, 2023	Php0.0980	February 20, 2024	February 29, 2024

Company Website

The Company updates the public with operating and financial results through timely disclosures filed with the SEC and PSE. These are available on the company's website: https://www.rlcommercialreit.com.ph/.

FINANCIAL STATEMENTS

RCREIT

A ROBINSONS LAND COMPANY

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

MARCH 18, 2024

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **RL Commercial REIT, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2023, 2022, and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FARADAY D. GO
Chairman

JERICHO P. GO
President & CEO

KERWIN MAX S. TAN
Treasurer

Signed this ______ day of ______

MAR 19 2024

SUBSRIBED AND SWORN to before me this ____ day of __________, affiant personally appearing before me and exhibiting to me his/her CRN-0033-9745079-6 / DL no. H03-89-094285 / P6591779B issued on __________ as proof of his/her identity and is known to me to be the person who executed and signed this document.

ATTY. IRIS FATIMA V. CERO
Notary Public for Pasig, San Juan, and Pateros
Appointment No. 53 (2024-2025) until Dec 31, 2025
12F Cyberscape Alpha, Sapphire & Garnet Roads,
Ortigas Center, Pasig City
Roll of Attorneys No. 65837; June 21, 2016
PTR No 1651074; January 04, 2024; Pasig City
IBP No. 372782; December 23, 2023; RSM Chapter
MCLE Compliance No. VII-0014637; April 14, 2025

Doc. No.: 33;
Page No.: 8;
Book No.: 17;
Series of 2024.

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	1	3	0	9					

COMPANY NAME

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

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
24,252	04/15	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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.

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of RL Commercial REIT, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Valuation of Investment Properties

The Company has investment properties consisting of office buildings that earn rental revenue. Under the implementing rules and regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. 9856), the Company is required to recognize its investment properties at fair market values in accordance with Philippine Accounting Standard 40, *Investment Property*. The total fair value of the Company's investment properties amounted to ₱63,837.04 million as of December 31, 2023. The Company determined the fair value of the investment properties based on the valuations carried out by an independent property valuer using the discounted cash flow model (DCF model). Under this valuation, the future cash flows are estimated and discounted using an appropriate discount rate. The valuation methodology accordingly involves significant judgment and estimation.

We identified the valuation of investment properties as a key audit matter because the carrying value of investment properties as of December 31, 2023 is significant to the financial statements representing 96% of total assets and the DCF model involves significant judgment, estimation and assumptions. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions. These assumptions primarily include discount and growth rate estimates that are critical inputs in the valuation of the investment properties. Changes in these assumptions would significantly impact the fair value of the investment properties reported in the financial statements.

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

Audit Response

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

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

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

Other Information

Management is responsible for the Other Information. Other Information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of RL Commercial REIT, Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-073-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082007, January 6, 2024, Makati City

March 18, 2024

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
RL Commercial REIT, Inc.

Opinion

We have audited the accompanying financial statements of RL Commercial REIT, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Valuation of Investment Properties

The Company has investment properties consisting of office buildings that earn rental revenue. Under the implementing rules and regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. 9856), the Company is required to recognize its investment properties at fair market values in accordance with Philippine Accounting Standard 40, *Investment Property*. The total fair value of the Company's investment properties amounted to ₱63,837.04 million as of December 31, 2023. The Company determined the fair value of the investment properties based on the valuations carried out by an independent property valuer using the discounted cash flow model (DCF model). Under this valuation, the future cash flows are estimated and discounted using an appropriate discount rate. The valuation methodology accordingly involves significant judgment and estimation.

We identified the valuation of investment properties as a key audit matter because the carrying value of investment properties as of December 31, 2023 is significant to the financial statements representing 96% of total assets and the DCF model involves significant judgment, estimation and assumptions. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions. These assumptions primarily include discount and growth rate estimates that are critical inputs in the valuation of the investment properties. Changes in these assumptions would significantly impact the fair value of the investment properties reported in the financial statements.

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

Audit Response

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

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

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

Other Information

Management is responsible for the Other Information. Other Information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of RL Commercial REIT, Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-073-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082007, January 6, 2024, Makati City

March 18, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
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Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of RL Commercial REIT, Inc. (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated March 18, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-073-2023, October 23, 2023, valid until October 22, 2026
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March 18, 2024

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of RL Commercial REIT, Inc. (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 18, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
Tax Identification No. 160-302-865
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-073-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10082007, January 6, 2024, Makati City

March 18, 2024

RL COMMERCIAL REIT, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 13)	**₱1,788,809,752**	₱1,014,710,209
Receivables (Notes 7 and 13)	**316,562,081**	726,561,465
Other current assets (Note 8)	**88,355,056**	88,441,545
Total Current Assets	**2,193,726,889**	1,829,713,219
Noncurrent Assets		
Investment properties (Note 9)	**63,837,041,406**	56,701,820,094
Other noncurrent assets (Note 8)	**267,289,420**	183,952,184
Total Noncurrent Assets	**64,104,330,826**	56,885,772,278
	₱66,298,057,715	₱58,715,485,497

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 10 and 13)	**₱917,419,714**	₱782,639,173
Deposits and other current liabilities (Note 11)	**527,465,685**	392,287,718
Total Current Liabilities	**1,444,885,399**	1,174,926,891
Noncurrent Liabilities		
Lease liability (Note 18)	**267,416,159**	257,365,719
Deposits and other noncurrent liabilities (Note 11)	**858,972,052**	825,271,173
Total Noncurrent Liabilities	**1,126,388,211**	1,082,636,892
Total Liabilities	**2,571,273,610**	2,257,563,783
Equity (Note 12)		
Capital stock	**10,726,804,330**	10,726,804,330
Additional paid-in capital	**54,125,177,627**	54,125,177,627
Deficit	**(1,125,197,852)**	(8,394,060,243)
Total Equity	**63,726,784,105**	56,457,921,714
	₱66,298,057,715	₱58,715,485,497

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Rental income (Notes 13, 14, and 18)	**₱4,544,162,625**	₱4,494,005,288	₱1,731,008,218
Income from dues (Note 14)	**882,325,233**	877,656,456	328,937,576
Income from dues - net (Note 15)	**55,557,665**	64,323,284	22,139,614
	5,482,045,523	5,435,985,028	2,082,085,408
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES			
Increase (decrease) in fair value of investment properties (Note 9)	**7,135,400,718**	(9,801,940,918)	113,634,885
Straight-line adjustments (Note 14)	**(111,054,186)**	(155,916,060)	(103,965,874)
Lease commissions (Note 9)	**(6,057,657)**	(17,948,231)	(4,111,896)
	7,018,288,875	(9,975,805,209)	5,557,115
Other income (Note 16)	**89,970,253**	42,633,147	281,172
	12,590,304,651	(4,497,187,034)	2,087,923,695
COSTS AND EXPENSES			
Direct operating costs (Note 17)	**721,817,598**	686,381,076	277,486,208
General and administrative expenses (Note 17)	**385,781,656**	373,182,258	127,533,110
Interest expense on lease liability (Note 18)	**10,050,440**	9,724,913	3,952,208
	1,117,649,694	1,069,288,247	408,971,526
INCOME (LOSS) BEFORE INCOME TAX	**11,472,654,957**	(5,566,475,281)	1,678,952,169
PROVISION FOR INCOME TAX (Note 19)	**9,612,292**	2,811,858	–
NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS) (Note 21)	**₱11,463,042,665**	(₱5,569,287,139)	₱1,678,952,169
Basic/Diluted Earnings (Loss) Per Share (Note 21)	**₱1.069**	(₱0.544)	₱0.404

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital Stock (Notes 12 and 24)	**Additional Paid-in Capital** (Notes 12 and 24)	**Retained Earnings (Deficit)** (Notes 12 and 25)	**Total**
		For the Year Ended December 31, 2023		
Balances at January 1, 2023	**₱10,726,804,330**	**₱54,125,177,627**	**(₱8,394,060,243)**	**₱56,457,921,714**
Net loss / Total comprehensive loss	–	–	**11,463,042,665**	**11,463,042,665**
Cash dividends (Note 12)			**(4,194,180,274)**	**(4,194,180,274)**
Balances at December 31, 2023	**₱10,726,804,330**	**₱54,125,177,627**	**(₱1,125,197,852)**	**₱63,726,784,105**
		For the Year Ended December 31, 2022		
Balances at January 1, 2022	₱9,948,997,197	₱49,022,762,831	₱1,062,446,136	₱60,034,206,164
Net loss/ Total comprehensive loss	–	–	(5,569,287,139)	(5,569,287,139)
Issuance of shares of stock (Notes 12 and 24)	777,807,133	5,110,192,867	–	5,888,000,000
Stock issuance costs (Note 12)	–	(7,778,071)	–	(7,778,071)
Cash dividends (Note 12)	–	–	(3,887,219,240)	(3,887,219,240)
Balances at December 31, 2022	₱10,726,804,330	₱54,125,177,627	(₱8,394,060,243)	₱56,457,921,714
		For the Year Ended December 31, 2021		
Balances at January 1, 2021	₱6,250,000	₱–	₱331,793	₱6,581,793
Net income/ Total comprehensive income	–	–	1,678,952,169	1,678,952,169
Collection of subscription receivable (Note 12)	18,750,000	–	–	18,750,000
Issuance of shares of stock (Notes 12 and 24)	9,923,997,197	49,122,002,803	–	59,046,000,000
Stock issuance costs (Note 12)	–	(99,239,972)	–	(99,239,972)
Cash dividends (Note 12)	–	–	(616,837,826)	(616,837,826)
Balances at December 31, 2021	₱9,948,997,197	₱49,022,762,831	₱1,062,446,136	₱60,034,206,164

See accompanying Notes to Financial Statements.

RL COMMERCIAL REIT, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱11,472,654,957**	(₱5,566,475,281)	₱1,678,952,169
Adjustments for:			
Decrease (increase) in fair value change in investment properties	**(7,018,288,875)**	9,975,805,209	(5,557,115)
Depreciation on right-of-use asset (Notes 9 and 17)	**29,351,882**	29,351,882	12,142,834
Accretion of interest expense (Notes 17 and 18)	**10,050,440**	9,724,913	3,952,207
Interest income (Note 6)	**(48,061,459)**	(14,059,314)	–
Operating income before working capital changes	**4,445,706,945**	4,434,347,409	1,689,490,095
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**300,157,573**	(432,431,008)	(547,430,598)
Other current assets (Note 8)	**86,489**	(4,173,698)	(84,306,950)
Increase (decrease) in:			
Accounts and other payables (Note 24)	**119,487,399**	640,774,683	260,594,832
Deposits and other liabilities	**168,878,846**	(99,764,277)	1,176,532,700
Cash generated from operations	**5,034,317,252**	4,538,753,109	2,494,880,079
Interest received	**46,849,084**	14,059,314	–
Income tax paid	**(9,612,292)**	(2,811,858)	–
Net cash flows provided by operating activities	**5,071,554,044**	4,550,000,565	2,494,880,079
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties (Notes 9 and 24)	**(19,936,991)**	(840,913,545)	(110,562,359)
Increase in other noncurrent assets (Note 8)	**(83,337,236)**	(172,634,504)	(313,734,918)
Cash flows used in investing activities	**(103,274,227)**	(1,013,548,049)	(424,297,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends (Note 12)	**(4,194,180,274)**	(3,887,219,240)	(616,837,826)
Payment of stock issuance costs (Note 12)	**–**	(7,778,071)	(99,239,972)
Collection of subscription receivable (Note 12)	**–**	–	18,750,000
Net cash flows used in financing activities	**(4,194,180,274)**	(3,894,997,311)	(697,327,798)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**774,099,543**	(358,544,795)	1,373,255,004
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,014,710,209**	1,373,255,004	–
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,788,809,752**	₱1,014,710,209	₱1,373,255,004

See accompanying Notes to Financial Statements.

1. Corporate Information

RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (RCR or the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 16, 1988 primarily to acquire by purchase, lease or otherwise, real estate of all kinds. It is a wholly owned subsidiary of Robinsons Land Corporation (RLC or Parent Company), while JG Summit Holdings, Inc. (JGSHI) is the Ultimate Parent Company.

On April 15, 2021, the Board of Directors (BOD) and stockholders of the Company approved the amendments to the Company's Articles of Incorporation (AOI) resulting to the: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations ('the REIT Act'), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Further, a Comprehensive Deed of Assignment was executed between the Company and RLC on April 15, 2021 for the assignment, transfer, and conveyance by RLC of several properties (RLC REIT Properties) (the Assigned Properties) to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) (see Note 24) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap). Ownership of the land on which the Assigned Properties are situated shall remain with RLC.

The Assigned Properties consisted of: (i) the buildings and related immovable property in respect of Cyberscape Alpha, Cyberscape Beta, Tera Tower, Cyber Sigma, Exxa-Zeta Tower, Robinsons Cybergate Cebu, Robinsons Galleria Cebu, Robinsons Place Luisita 1, Cybergate Naga and Cybergate Delta 1 (the Buildings); and (ii) 96 condominium units in Robinsons Equitable Tower and 31 condominium units in Robinsons Summit Center (Condominium Units).

Robinsons Cybergate 2 and Robinsons Cybergate 3 properties were not included in the Assigned Properties since these will not be transferred to the Company. The lease agreements between the Company and RLC for these properties were executed on July 16, 2021.

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

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

Starting from the SEC's approval of AOI and the Property-for-Share Swap, RL Fund Management, Inc. (RFMI) and RL Property Management, Inc. (RPMI) 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 acquisition 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 December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 were authorized for issue by the BOD on March 18, 2024.

2. Basis of Preparation

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 the following new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance.

  As a result of the adoption, discussions about new standards and amendments adopted but without effect on the 2023 financial statements or any prior period and those that are forthcoming that do not have, or not expected to have significant or material impact to the Group have been simplified.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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 Material Accounting Policy Information

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 are classified, 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 is to measure ECLs on such instruments on a 12-month basis. However, where there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due since security deposits are equivalent to 90 days which are paid at the start of the lease term which will cover any defaults. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 statement of financial position.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Company. Investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property. The fair value of investment properties is determined using income approach by an external valuer.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

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

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

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

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the Company's investment properties, ROU asset, other current assets and other noncurrent asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the statement of comprehensive income.

Equity

Capital stock and additional paid-in capital (APIC)

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

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

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

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

Income Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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 it 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 held by the Company less total liabilities (see Note 12).

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

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

5. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the accompanying financial statements in compliance with PFRSs requires management to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effects of any change in judgments and estimates are reflected in the financial statements, as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Principal versus agent considerations
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, 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 ₱267.42 million and ₱257.37 million as of December 31, 2023 and 2022, respectively.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances including 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 ₱316.56 million and ₱726.56 million as of December 31, 2023 and 2022 respectively (see Note 7).

Fair value determination of investment properties
The Company measures its investment properties using the fair value method and engages an external valuer to determine their fair value. The external valuer determines the fair value of the 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 ₱63,837.04 million and ₱56,701.82 million as of December 31, 2023 and 2022, respectively. Fair value change recognized in 2023 amounted to an increase of ₱7,135.40 million (₱9,801.94 million in 2022) (see Note 9).

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash in bank and on hand	**₱538,809,752**	₱414,710,209
Cash equivalents	**1,250,000,000**	600,000,000
	₱1,788,809,752	₱1,014,710,209

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earns interest at the prevailing interest rates ranging from 0.57% to 5.50% and 2% to 6.10% for the year ended December 31, 2023 and 2022, respectively.

Interest earned from cash in bank and cash equivalents for the years ended December 31, 2023 and 2022 amounted to ₱48.06 million and ₱14.06 million, respectively.

There is no restriction on the Company's cash and cash equivalents as of December 31, 2023 and 2022.

7. Receivables

This account consists of:

	2023	2022
Trade receivables (Notes 13 and 14)	**₱287,072,470**	₱420,641,226
Receivable from a related party (Note 13)	**24,705,426**	298,181,740
Others	**4,784,185**	7,738,499
	₱316,562,081	₱726,561,465

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

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

Other receivables are composed of accrued interest receivable from short-term investments and downpayments made to suppliers.

No provision for ECL was recognized in 2023, 2022 and 2021.

In 2021, the Company, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to retail tenants as a response to the effects of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables, including extension of payment terms.

Based on the Company's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore did not result in the derecognition of the affected financial assets.

8. Other Assets

Other Current Assets

This account consists of prepaid real property taxes amounting to ₱88.36 million and ₱88.44 million as of December 31, 2023 and 2022, respectively.

Other Noncurrent Assets

Other noncurrent assets consists of:

	2023	2022
Creditable withholding taxes	**₱132,906,501**	₱51,455,719
Security deposits	**121,451,869**	117,814,968
Reserve fund	**12,931,050**	14,681,497
	₱267,289,420	₱183,952,184

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. The creditable withholding taxes previously recognized as current in 2022 has been reclassified as noncurrent to conform with the 2023 presentation of accounts. Likewise, the affected other current and noncurrent accounts in the 2022 statement of cash flows have been reclassified.

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:

	2023		
	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**
Depreciation (Note 17)	**–**	**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**

	2022		
	Building and Building Improvements	Right-of-Use Assets (Note 18)	Total
Cost			
Balance at beginning of year	₱59,270,197,244	₱546,105,837	₱59,816,303,081
Additions	6,728,952,646	–	6,728,952,646
Fair value change	(9,801,940,918)	–	(9,801,940,918)
Balance at end of year	56,197,208,972	546,105,837	56,743,314,809
Accumulated Depreciation			
Balance at beginning of year	–	12,142,833	12,142,833
Depreciation (Note 17)	–	29,351,882	29,351,882
Balance at end of year	–	41,494,715	41,494,715
Net Book Value	₱56,197,208,972	₱504,611,122	₱56,701,820,094

On April 15, 2021, the Company and RLC executed a Comprehensive Deed of Assignment wherein RLC assigns, transfers, and conveys several properties to the Company in the form of buildings and condominium units, excluding the land wherein the buildings and the condominium units are situated, with a total value of ₱59,046.00 million in exchange for shares (see Note 24).

On March 8, 2022, the Company entered into a Deed of Sale with RLC for the acquisition of Robinsons Cybergate Bacolod for ₱734.00 million.

On April 20, 2022, RCR entered into a Deed of Assignment with RLC for the acquisition of Robinsons Cyberscape Gamma valued at ₱5,888.00 million in exchange for shares (see Note 24).

Additions include initial direct costs pertaining to transfer taxes and maintenance capital expenditures amounting to ₱29.17 million and ₱106.95 million in 2023 and 2022, respectively.

Investment properties consist mainly of office buildings that are held to earn rentals. The aggregate fair value of the Company's investment properties as of December 31, 2023 and 2022 amounted to ₱63,837.04 million and ₱56,701.82 million, respectively. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceeded their carrying costs.

The following table provides the fair value hierarchy of the Company's investment properties as of December 31, 2023 and 2022:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	**December 31, 2023**	**₱63,837,041,406**	**₱–**	**₱–**	**₱63,837,041,406**

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	December 31, 2022	₱56,701,820,094	₱–	₱–	₱56,701,820,094

The fair values of the investment properties were measured through income approach using the discounted cash flow analysis. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject properties.

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

Rental income derived from investment properties amounted to ₱4,544.16 million in 2023, ₱4,494.01 million in 2022 and ₱1,731.01 million in 2021 (see Note 14).

Property operations and maintenance costs arising from investment properties amounted to ₱721.82 million in 2023, ₱686.38 million in 2022 and ₱277.49 million in 2021 (see Note 17).

There are no investment properties as of December 31, 2023 and 2022 that are pledged as security to liabilities. The Company has no restrictions on the realizability of its investment properties. Except for contracts awarded, there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

10. Accounts and Other Payables

This account consists of:

	2023	2022
Accounts payable (Note 13)	**₱254,665,708**	₱171,491,316
Accrued expenses	**578,092,520**	549,667,688
Taxes payable	**84,661,486**	61,480,169
	₱917,419,714	₱782,639,173

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

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

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

11. Deposits and Other Liabilities

This account consists of:

	2023	2022
Deposits from lessees	**₱1,061,588,156**	₱922,006,287
Unearned rental income	**226,825,711**	198,054,668
Deferred credits	**98,023,870**	97,497,936
	1,386,437,737	1,217,558,891
Less current portion	**527,465,685**	392,287,718
	₱858,972,052	₱825,271,173

The current portion of these accounts follows:

	2023	2022
Deposits from lessees	**₱364,008,584**	₱240,819,974
Unearned rental income	**114,133,665**	101,501,030
Deferred credits	**49,323,436**	49,966,714
	₱527,465,685	₱392,287,718

Deposits from lessees

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

The rollforward analysis of deposits from lessees in 2023 and 2022 follows:

	2023	2022
Gross Amount		
Balance at beginning of year	**₱1,021,634,838**	₱951,996,306
Additions	**141,209,041**	69,638,532
Balance at end of year	**1,162,843,879**	1,021,634,838
Unamortized Discount		
Balance at beginning of year	**99,628,551**	111,119,435
Additions	**41,568,990**	16,337,569
Accretion (Note 17)	**(39,941,818)**	(27,828,453)
Balance at end of year	**101,255,723**	99,628,551
Net Amount	**1,061,588,156**	922,006,287
Less current portion	**364,008,584**	240,819,974
	₱697,579,572	₱681,186,313

Unearned rental income

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

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

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

The rollforward analysis of deferred credits in 2023 and 2022 follows:

	2023	2022
Balance at beginning of year	**₱97,497,936**	₱110,233,688
Additions	**41,568,990**	16,337,570
Amortization (Note 17)	**(41,043,056)**	(29,073,322)
Balance at end of year	**98,023,870**	97,497,936
Less current portion	**49,323,436**	49,966,714
	₱48,700,434	₱47,531,222

12. **Equity**

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

	2023		2022	
	Shares	**Amount**	Shares	Amount
Authorized - at ₱1 par value				
Balances at beginning and end of year	**39,795,988,732**	**₱39,795,988,732**	39,795,988,732	₱39,795,988,732
Issued and outstanding				
Balances at beginning of year	**10,726,804,330**	**₱10,726,804,330**	9,948,997,197	₱9,948,997,197
Issuance of new shares	–	–	777,807,133	777,807,133
Balances at end of year	**10,726,804,330**	**₱10,726,804,330**	10,726,804,330	₱10,726,804,330
NAV per share		**5.94**		5.26

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 valued 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 (Note 24).

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

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

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

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

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 ₱1,420.67 million as of December 31, 2023.

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

Declaration date	Cash dividends	Record date	Payment date
February 6, 2023	₱0.0976 per share	February 20, 2023	February 28, 2023
April 21, 2023	₱0.0977 per share	May 22, 2023	May 31, 2023
August 9, 2023	₱0.0978 per share	August 24, 2023	August 31, 2023
November 7, 2023	₱0.0979 per share	November 21, 2023	November 30, 2023

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 ₱63,726.78 million and ₱56,457.92 million as of December 31, 2023 and 2022, respectively.

In compliance with Republic Act No. 9856 and the implementing rules and regulations of REIT Act of 2009, the Company is subject to external capital requirement. As a REIT, its required minimum paid-up capital is ₱300.00 million.

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. Unless otherwise stated, transactions are generally settled in cash.

The amounts and balances arising from significant related party transactions are as follows:

	2023			
	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				
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)	**₱273,467,314**	**₱24,705,426**	**Noninterest bearing; due and demandable**	**Unsecured; no impairment**
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**	**₱–**	**Noninterest bearing**	**Unsecured; no impairment**
Interest Income	**48,061,459**	**2,808,338**		

	2022			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱39,921,238	₱14,740,199	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	₱410,559,580	₱119,563,231	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Rental income/receivable (a)	₱288,223,662	₱17,143,605	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Related party receivable (Note 7)	₱196,722,354	₱298,181,740	Noninterest bearing; due and demandable	Unsecured; no impairment
Parent Company				
Rent expense/payable (Note 18)	₱211,722,256	(₱61,418,021)	Noninterest bearing; due and demandable	Unsecured
Under common control of Parent Company				
Management fees/accounts payable (b)	₱455,237,379	(₱126,932,924)	Noninterest bearing; due and demandable	Unsecured

	2022			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱414,409,684	₱–	Interest bearing	Unsecured; no impairment
Short-term investments (Note 6)	600,000,000	–		
Interest Income	14,059,314	4,020,713		

	2021			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Under common control of Ultimate Parent Company				
Rental income/receivable (a)	₱171,465,677	₱99,463,184	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Rental income/receivable (a)	₱42,010,017	₱13,935,823	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Parent Company				
Related party receivable (Note 7)	₱94,877,593	₱101,459,386	Noninterest bearing; due and demandable	Unsecured; no impairment
Parent Company				
Rent expense (Note 18)	₱76,424,470	₱–	Noninterest bearing; due and demandable	Unsecured; no impairment
Under common control of Parent Company				
Management fees/accounts payable (b)	₱181,971,378	(₱127,386,814)	Noninterest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash in bank (Note 6)	₱1,373,240,004	₱–	Noninterest bearing	Unsecured; no impairment
Interest Income	4,020,713	–		

Significant transactions with related parties are as follows:

(a) Rental income

In 2023, the revenue generated from related party lessees amounted to ₱633.72 million (₱738.70 million and ₱213.48 million in 2022 and 2021, respectively).

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

(b) Management fees

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

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

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

The Company recognized management fees amounting to ₱475.63 million in 2023 (₱455.24 million and ₱181.97 million in 2022 and 2021, respectively).

Terms and Conditions of Transactions with Related Parties
Unless otherwise indicated, outstanding balances at yearend are unsecured and noninterest-bearing. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2023 and 2022. This assessment is undertaken each financial period through a review of the financial position and operating cash flows of the related party and the market in which the related party operates.

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

14. Rental Income and Income from Dues

Rental income
This account consists of rental income in 2023, 2022 and 2021:

	2023	2022	2021
Office, retail and parking spaces	**₱4,503,119,569**	₱4,464,931,966	₱1,718,248,457
Amortization of deferred credits (Note 11)	**41,043,056**	29,073,322	12,759,761
	₱4,544,162,625	₱4,494,005,288	₱1,731,008,218

Rental income from office, retail and parking includes income from the straight-line method of recognizing rental income amounting to ₱119.84 million in 2023, ₱168.92 million in 2022 and ₱109.21 million in 20221.

The Company granted rent concessions to its tenants who were affected by the community quarantine imposed by the government amounting to ₱8.64 million and ₱50.02 million in 2022 and 2021, respectively (nil amount in 2023). These rent concessions did not qualify as lease modifications, thus, were accounted for as variable lease payments and reported as reduction of lease income in 2022 and 2021.

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

Set out below is the disaggregation of the Company's revenue from income from dues or non-lease component in 2023, 2022, and 2021:

	2023	2022	2021
Income from dues:			
CUSA	**₱847,879,995**	₱847,056,724	₱319,999,414
Air-conditioning	**34,445,238**	30,599,732	8,938,162
	₱882,325,233	₱877,656,456	₱328,937,576

15. **Income from Dues - Net**

Income from dues - net pertain to CUSA and air-conditioning services of the Condominium Units where the Company determined that it is acting as an agent for these services (see Note 5). This account consists of the following in 2023, 2022, and 2021:

	2023	2023	2021
Dues	**₱161,065,931**	₱139,388,478	₱52,654,823
Less direct costs	**(105,508,266)**	(75,065,194)	(30,515,209)
	₱55,557,665	₱64,323,284	₱22,139,614

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 ₱89.97 million in 2023, ₱42.63 million in 2022 and ₱0.28 million in 2021.

17. **Costs and Expenses**

Direct Operating Costs
This account consists of the following in 2023, 2022 and 2021:

	2023	2022	2021
Management fees (Notes 10 and 13)	**₱477,127,309**	₱455,237,379	₱181,971,378
Repairs and maintenance	**86,578,321**	86,586,448	25,057,069
Contracted services	**76,511,555**	74,918,403	26,645,501
Accretion of interest expense (Note 11)	**39,941,818**	27,828,453	11,874,014
Depreciation (Note 9)	**29,351,882**	29,351,882	12,142,834
Utilities - net (Note 5)	**12,306,713**	12,458,511	19,795,412
	₱721,817,598	₱686,381,076	₱277,486,208

Utilities - net pertains to net recoveries from tenants for the usage of light, water, diesel and other charges. Set out below is the disaggregation of the Company's utility dues billed to tenants in 2023, 2022 and 2021:

	2023	2022	2021
Utility dues:			
Light	**₱612,096,512**	₱752,632,061	₱120,825,014
Water	**31,542,668**	18,742,980	4,828,217
Diesel and other charges	**1,893,396**	504,804	-
Costs:			
Light	**(614,611,320)**	(760,065,588)	(136,674,212)
Water	**(36,827,919)**	(21,777,877)	(7,234,534)
Diesel and other charges	**(6,400,050)**	(2,494,891)	(1,539,897)
	(₱12,306,713)	(₱12,458,511)	(₱19,795,412)

General and Administrative Expenses
This account consists of:

	2023	2022	2021
Rent expense (Note 18)	**₱225,535,182**	₱211,722,256	₱76,424,470
Taxes and licenses	**106,077,702**	101,772,789	34,292,734
Insurance expense	**22,874,820**	23,825,740	8,421,746
Supplies expense	**5,781,457**	3,575,026	928,794
Professional fees	**4,255,576**	4,537,939	971,219
Communication	**386,769**	359,032	181,595
Advertising and promotions	**66,964**	1,791,369	2,956,239
Others	**20,803,186**	25,598,107	3,356,313
	₱385,781,656	₱373,182,258	₱127,533,110

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

18. Lease Commitments and Contingencies

The Company as lessor - operating lease
The Company has entered into commercial property leases on its investment property portfolio. These noncancelable leases have remaining noncancelable lease terms of between one (1) and 10 years. All leases include a clause that enables upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under noncancelable operating leases in 2023 and 2022 follows:

	2023	2022
Within one year	**₱3,881,559,670**	₱4,006,440,217
After one year but not more than five years	**7,591,005,588**	7,779,378,367
More than five years	**2,241,484,547**	3,132,860,800
	₱13,714,049,805	₱14,918,679,384

Total rent income amounted to ₱4,544.16 million in 2023, ₱4,494.01 million in 2022 and ₱1,731.01 million in 2021 (see Note 14).

The Company as lessee - operating lease

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

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

Land Lease Agreement with BCDA
Simultaneous with the execution of Comprehensive Deed of Assignment (see Note 1), RLC assigned to the Company its rights, interests and obligations as a lessee including prepaid rent under the 25-year opening lease agreement it entered into with Bases Conversion and Development Authority (BCDA) in 2014 for a long-term lease of approximately 5,000 sqm parcel of land along Lawton Avenue, Bonifacio South, Taguig City where Cyber Sigma is currently located. The lease is payable at a fixed yearly rent of ₱50.00 million, subject to 3% annual escalation rate.

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

The rollforward analysis of lease liability in 2023 and 2022 follows:

	2023	2022
Balance at beginning of year	**₱257,365,719**	₱247,640,806
Additions	**–**	–
Interest expense on lease liability	**10,050,440**	9,724,913
Balance at end of year	**₱267,416,159**	₱257,365,719

The following are the amounts recognized in the statements of comprehensive income in 2023 and 2022 from the above lease agreements as lessee:

	2023	2022	2021
Depreciation of right-of-use asset (Notes 9 and 17)	**₱29,351,882**	₱29,351,882	₱12,142,834
Accretion of interest expense on lease liability	**10,050,440**	9,724,913	3,952,208
Total amounts recognized in the statements of comprehensive income	**₱39,402,322**	₱39,076,795	₱16,095,042

The undiscounted lease payments to be paid in more than 5 years as of December 31, 2023 and 2022 amounted to ₱412.04 million, respectively.

19. Income Tax

For the years ended December 31, 2023 and 2022 (nil in 2021), the provision for income tax represents final tax on interest income.

As of December 31, 2023, 2022 and 2021, the reconciliation of the income tax computed at the statutory rate to provision for income tax follows:

	2023	2022	2021
Provision for (benefit from) income tax at statutory income tax rate	**₱2,868,163,739**	(₱1,391,618,820)	₱419,738,042
Additions to (reductions in) income tax resulting from:			
Deductible dividends	**(1,049,617,749)**	(1,004,711,901)	(383,036,392)
Deductible expenses	**(142,596,485)**	(137,344,127)	(56,868,727)
Movements in unrecognized deferred tax assets	**(1,663,568,831)**	2,539,445,406	45,198,507
Nontaxable income	**(10,260,764)**	(7,268,330)	(3,189,941)
Nondeductible interest expense	**9,895,455**	6,957,113	2,968,504
Interest income subject to final tax	**(2,403,073)**	(702,965)	–
Stock issuance costs	–	(1,944,518)	(24,809,993)
	₱9,612,292	₱2,811,858	₱–

RCR being a REIT entity is entitled to the deductibility of dividend distribution from its taxable income, provided it complies with the requirements under R.A. No. 9856 and IRR of R.A. No. 9856.

As of December 31, 2023 and 2022, the Company did not recognize deferred tax assets amounting to ₱233.92 million and ₱180.49 million, respectively, since management believes that sufficient taxable income will not be available to allow the carryforward benefits of deferred tax assets to be utilized.

The components of unrecognized deferred tax assets follow:

	2023	2022
Lease liability	**₱267,416,160**	₱257,365,720
Unearned rental income	**226,825,712**	198,054,668
NOLCO	**415,681,509**	266,532,682

Bayanihan to Recover As One Act

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

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2023	2024-2026	₱415,681,509	₱–	₱–	₱–	₱415,681,509
2022	2023-2025	266,532,682	–	–	–	266,532,682
2021	2022-2026	429,120,423	–	–	–	429,120,423
2020	2021-2025	18,950	–	–	–	18,950
2019	2019-2022	35,983	–	35,983	–	–
		₱1,111,389,547	₱–	₱35,983	–	₱1,111,353,564

20. Financial Assets and Liabilities

Fair Value Information

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

	December 31, 2023	
	Carrying value	**Fair value**
Security Deposits from Lessees	**₱1,061,588,156**	**₱966,212,639**

	December 31, 2022	
	Carrying value	Fair value
Security Deposits from Lessees	₱922,006,287	₱861,230,080

Fair Value Hierarchy

As of December 31, 2023 and 2022, the Company has no financial instrument measured at fair value. In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of the Company's security deposits is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2023 and 2022 are shown below:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of the input to fair value**
Security deposits	DCF method	Discount rate	2022: 11.70% to 12.00% 2023: 8.70%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, receivables, accounts and other payables and security deposits which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Company reviews policies for managing each of these risks. The Company monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Company's business activities. The main objectives of the Company's financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Company's finance and treasury functions operate as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Company.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Company maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which help reduce the Company's credit risk exposure in case of default by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. The security deposits are considered in the calculation of impairment as recoveries. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As of December 31, 2023 and 2022, 100% of the Company's trade receivables are covered by security deposits.

Trade receivables include receivables as a result of straight-line method amounting to ₱119.84 million and ₱168.92 million as of December 31, 2023 and 2022, respectively. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits which significantly helps in the reduction of exposure to credit risk. No provision for ECL was provided in 2023, 2022 and 2021.

As of December 31, 2023 and 2022, the ECL relating to cash in bank is minimal as this is considered as low credit risk.

The Company did not provide any allowance for credit loss relating to receivables from related parties since there is no history of default in payments. This assessment is undertaken each financial year through examining the financial position and operating cash flows of the related parties and the markets in which the related parties operate.

The Company's maximum exposure to credit risk as of December 31, 2023 and 2022 is equal to the carrying values of its financial assets, except for 'Trade receivables' under 'Receivables' in the statements of financial position. Details follow:

	December 31, 2023			
	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
Cash and cash equivalents*	**₱1,788,697,232**	**₱–**	**₱1,788,697,232**	**₱–**
Receivables				
Trade receivables	**287,072,470**	**966,212,639**	**–**	**966,212,639**
Receivable from a related party	**24,705,426**	**–**	**24,705,426**	**–**
Other receivables	**4,784,185**	**–**	**4,784,185**	**–**
	₱2,105,259,313	**₱966,212,639**	**₱1,818,186,843**	**₱966,212,639**

	December 31, 2022			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash and cash equivalents*	₱1,014,610,209	₱–	₱1,014,610,209	₱-
Receivables				
Trade receivables	420,641,226	861,230,080	–	861,230,080
Receivable from a related party	298,181,740	–	298,181,740	–
Other receivables	7,738,499	–	7,738,499	–
	₱1,741,171,674	₱861,230,080	₱1,320,530,448	₱861,230,080

*Excluding cash on hand.

The credit quality of the financial assets was determined as follows:

Receivables – high grade pertains to receivables from counterparties with no default in payment; medium grade pertains to receivables from counterparties with up to three (3) defaults in payment; and low grade pertains to receivables from counterparties with more than three (3) defaults in payment.

Liquidity risk
The Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Company's policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through internally generated funds, while working capital requirements are sufficiently funded through cash collections.

Through scenario analysis and contingency planning, the Company also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost.

The tables below summarize the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments:

	December 31, 2023			
	< 1 year	**1 to 5 years**	**> 5 years**	**Total**
Financial assets				
Cash and cash equivalents*	**₱1,788,697,232**	**₱–**	**₱–**	**₱1,788,697,232**
Receivables				
Trade receivables	**287,072,470**	**–**	**–**	**287,072,470**
Receivable from a related party	**24,705,426**	**–**	**–**	**24,705,426**
Other receivables	**4,784,185**	**–**	**–**	**4,784,185**
	₱2,105,259,313	**₱–**	**₱–**	**₱2,105,259,313**
Financial liabilities				
Accounts and other payables				
Accounts payable	**₱254,665,708**	**₱–**	**₱–**	**₱254,665,708**
Accrued expenses	**578,092,520**	**–**	**–**	**578,092,520**
Deposits from lessees	**527,465,685**	**727,128,994**	**131,843,059**	**1,386,437,738**
Lease liability	**–**	**–**	**267,416,159**	**267,416,159**
	₱1,360,223,913	**₱727,128,994**	**₱399,259,218**	**₱2,486,612,125**

	December 31, 2022			
	< 1 year	1 to 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents*	₱1,014,610,209	₱–	₱–	₱1,014,610,209
Receivables				
Trade receivables	420,641,226	–	–	420,641,226
Receivable from a related party	298,181,740	–	–	298,181,740
Other receivables	7,738,499	–	–	7,738,499
	₱1,741,171,674	₱–	₱–	₱1,741,171,674
Financial liabilities				
Accounts and other payables				
Accounts payable	₱171,491,316	₱–	₱–	₱171,491,316
Accrued expenses	549,667,689	–	–	549,667,689
Deposits from lessees	252,451,253	612,603,422	143,267,680	1,008,322,355
Lease liability	10,050,440	44,314,958	203,000,321	257,365,719
	₱983,660,698	₱656,918,380	₱346,268,001	₱1,986,847,079

*Excluding cash on hand.

21. Earnings (Loss) Per Share (EPS)

The Company's earnings (loss) per share for the years ended December 31, 2023, 2022 and 2021 were computed as follows:

	2023	2022	2021
Net income (loss)	**₱11,463,042,665**	(₱5,569,287,139)	₱1,678,952,169
Weighted average number of common shares	**10,726,804,330**	10,245,203,201	4,153,726,230
Basic/Diluted earnings (loss) per share	**₱1.069**	(₱0.544)	₱0.404

There were no potential dilutive common shares in 2023, 2022 and 2021.

22. Segment Reporting

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

The Company's 16-building lease operation is its only income-generating activity, and such is the measure used by management in allocating resources.

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

All of the Company's properties are registered with PEZA as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as 'The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations'. Under the terms of its registration, the Company shall be entitled to PEZA incentives. See details below:

Name	Start Date	PEZA Board Resolution No.	Property	Location	Designation
Cyberscape Alpha	January 4, 2013	Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011	A building with seven basement levels and a roof dec with an aggregate GLA of 49,902 sqm	Sapphire and Garnet Roads, Ortigas Center, Pasig City	Information Technology (IT) Center
Cyberscape Beta	November 22, 2012	No. 11-624 dated November 8, 2011	An area of 1,955 square meters, more or less (a portion of Lot 2-C)	Topaz and Ruby Roads, Ortigas Center, Pasig City	IT Center
Tera and Exxa-Zeta Towers (Bridgetowne)	June 26, 2015	Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013	Several parcels of land located with an aggregate area of 79,222 square meters as IT Park, to be known as Bridgetown	C-5 Road, Ugong Norte, Quezon City	IT Park
Robinsons Cybergate Cebu	October 28, 2009	Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008	Land of 4,772 square meter, more or less	Don Gil Street, Barangay Capitol Site, Cebu City	IT Center
Robinsons Galleria Cebu	July 12, 2013	Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012	A building with an area of 46,345 square meters, more or less	General Maxilom Avenue, Cebu City	IT Center
(Forward)					
Robinsons Luisita	December 10, 2008	No. 08-183 dated March 31, 2008	A building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot and an additional 3-storey office building	McArthur Highway, San Miguel, Tarlac	IT Center
Robinsons Cybergate Naga	May 12, 2017	No. 15-715 dated December 17, 2015	A building which stands on a 24,807-square meter, more or less, lot	Naga Diversion Road corner Almeda Highway, Barangay Triangulo, Naga City	IT Center
Robinsons Cyberpark Davao	October 3, 2017	No. 16-377 dated June 28, 2016	12,022 square meters, more or less, of land	J.P. Laurel Avenue, Davao City	IT Park

Name	Start Date	PEZA Board Resolution No.	Property	Location	Designation
Robinsons Summit Center	September 1, 2006	Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004	A building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less	6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City	IT Center
Robinsons Equitable Tower	July 21, 2003	Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003	A 2,832 square meters parcel of land with an existing 43-storey condominium office building	ADB Avenue corner Poveda Street, Pasig City	IT Zone
Cyber Sigma	December 16, 2016	No. 15-027 dated January 30, 2015	A building with a gross floor area of 79,124.33 square meters which stands on a parcel of land containing an aggregate area of 5,000 square meters more or less	Lawton Avenue, Bonifacio South, Taguig City	IT Center
Cybergate Bacolod	February 2, 2006	No. 00-262 dated August 17, 2003	A building with an aggregate GLA of 10,367 sqm	Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental	IT Park
Cyberscape Gamma	July 16, 2015	Nos. 00-411 dated December 29, 2000 and 15-377 dated January 16, 2015	A building with an aggregate GLA of 44,797 sqm	Topaz and Ruby Roads, Ortigas Center, Pasig City	IT Center

24. Notes to Statements of Cash Flows

Noncash investing and financing activities pertain to the following:

2023

- Fair value change in investment properties amounting to ₱7,135.40 million;
- Additions to investment properties that are not yet paid as of December 31, 2023 amounting to ₱9.24 million;
- Amortization of ROU asset amounting to ₱29.35 million (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱10.05 million (Note 18);

2022

- Transfer of building and building improvements as a result of the Property-for-Share Swap executed between the Company and RLC amounting to ₱5,888.00 million;
- Issuance of shares of stock amounting to ₱5,888.00 million as a result of the Property-for-Share Swap executed between the Company and RLC;
- Fair value change in investment properties amounting to ₱9,801.94 million;
- Amortization of ROU asset amounting to ₱29.35 million (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱9.72 million (Note 18).

2021

- Transfer of building and building improvements as a result of the Property-for-Share Swap executed between the Company and RLC amounting to ₱59,046.00 million;
- Issuance of shares of stock amounting to ₱59,046.00 million as a result of the Property-for-Share Swap executed between the Company and RLC;
- Fair value change in investment properties amounting to ₱113.63 million;
- Recognition of ROU asset and lease liability amounting to ₱546.11 million and ₱243.69 million, respectively;
- Amortization of ROU asset amounting to ₱12.14 million (Notes 9 and 18); and
- Accretion of lease liability amounting to ₱3.95 million (Note 18).

25. Events After Reporting Period

On February 5, 2024, the Company declared cash dividends for calendar year 2023 covering the period October 1 to December 31, 2023 at ₱0.0980 per outstanding common share, following the approval of the BOD in their regular meeting held on the same date. The cash dividends were paid on February 29, 2024 to stockholders of record as of February 20, 2024.

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