

## COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Mr. Mark Anthony M. Ramos

Contact Person

Number	
0	6

Month.

3	0
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Day

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FORM TYPE

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Month      Day

Annual Meeting

N/A
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N/A

Secondary License Type, If Applicable

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Dept. Requiring this Doc.  
Number/Section

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## Amended Articles

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Total No. of Stockholders  
Foreign

### Total Amount of Borrowings

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Domestic

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To be accomplished by SEC Personnel concerned

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2019

2. Commission identification number 99905

3. BIR Tax Identification No. 000-188-233

4. Exact name of issuer as specified in its charter

PHILIPPINE REALTY AND HOLDINGS CORPORATION

5. Province, country or other jurisdiction of incorporation or organization PHILIPPINES

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office

Postal Code

One Balete, 1 Balete Drive cor. N. Domingo St., Brgy Kaunlaran, District 4, Quezon City 1111  
Satellite Office: E-2001B East Tower, PSE Center, Exchange Rd., Ortigas Center, Pasig

8. Issuer's telephone number, including area code

(632) 631-3179

9. The Registrant has not changed its corporate name and fiscal year. Prior to its transfer to the above satellite office address the registrant held its satellite office at E-512/513 East Tower, PSE Center, Exchange Rd., Ortigas Center, Pasig City.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

Common

4,922,324,908 shares

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:  
Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

A copy of the comparative statements as of and for the quarters ended June 30, 2019 and 2018, is submitted as part of this report. The financial statements were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computations followed in the interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2018.

Changes affecting balance sheet and income statement items are further disclosed in the Management Discussion and Analysis. There are no material events after the end of the interim period that have not been reflected in the financial statements for the interim period. The company had reclassified accounts such as dividends, capital and foreign exchange gains, interest, and equity earnings to investment income during the period.

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

Refer to the Six months ended June 30, 2019 Analysis of Unaudited Consolidated Financial Statement attached as Exhibit I, Comparative Financial Soundness Indicators as Exhibit II, and Business Segments as Exhibit III.

### SIGNATURES

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



ALFREDO S. DEL ROSARIO JR.  
President and Chief Executive Officer

August 14, 2019



EDMUNDO C. MEDRANO  
Executive Vice President and Chief Operating  
Officer and Treasurer

August 14, 2019

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited June 30 2019	Audited December 31 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	192,534,563	78,462,791
Financial assets at fair value through profit or loss (FVPL)	6,750,000	6,750,000
Trade and other receivables-current portion	1,240,000,320	1,006,530,211
Real estate inventories	1,230,152,444	1,431,248,954
Prepayments and other assets-net	347,936,126	305,369,994
<b>Total Current Assets</b>	<b>3,017,373,453</b>	<b>2,828,361,950</b>
<b>Non-current Assets</b>		
Financial assets at fair value through other comprehensive income (FVOCI)	43,175,478	41,333,478
Trade and other receivables-non current portion	265,644,102	265,669,488
Investments in and advances to associates-net	37,829,528	76,673,455
Investment properties-net	1,760,580,902	1,693,172,141
Property and equipment - net	119,341,063	118,444,300
<b>Total Non-current Assets</b>	<b>2,226,571,075</b>	<b>2,195,292,862</b>
	<b>5,243,944,528</b>	<b>5,023,654,812</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables-current portion	185,389,029	408,874,330
Unearned income	1,119,603	899,787
Loans Payable	512,686,985	271,896,088
<b>Total Current Liabilities</b>	<b>699,195,616</b>	<b>681,670,205</b>
<b>Non-current Liabilities</b>		
Trade and other payables-net of current portion	182,272,717	176,447,232
Loans payable-net of current portion	539,917,730	388,782,961
Retirement benefit obligation	27,841,260	25,399,477
Deferred tax liabilities-net	244,240,841	242,606,874
Other non-current liabilities	39,223,551	38,015,065
<b>Total Non-current Liabilities</b>	<b>1,033,496,100</b>	<b>871,251,609</b>
	<b>1,732,691,716</b>	<b>1,552,921,814</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	2,344,198,495	2,344,198,495
Additional paid-in capital	557,014,317	557,014,317
Reserves	68,544,116	66,940,178
Retained earnings	656,384,622	617,459,124
Treasury stock	(109,712,439)	(109,712,439)
	<b>3,516,429,110</b>	<b>3,475,899,675</b>
Equity Attributable to Non-Controlling Interest	(5,176,297)	(5,166,677)
	<b>3,511,252,813</b>	<b>3,470,732,998</b>
	<b>5,243,944,528</b>	<b>5,023,654,812</b>

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	For the Six Months Ended June 30	
	2019	2018
<b>INCOME</b>		
Sales of real estate	548,996,252	545,680,147
Rent	41,948,651	50,728,210
Management fees	21,247,685	17,500,001
Interest income	1,862,345	2,311,961
Commission income	3,231,775	4,939,829
Equity in net earnings (loss) of associate	(897,419)	481,497
Other income	766,545	2,624,035
	<b>617,155,833</b>	<b>624,265,680</b>
<b>COSTS AND EXPENSES</b>		
Cost of service and unit sold	346,890,474	375,957,808
General and administrative	210,792,590	199,055,388
	<b>557,683,064</b>	<b>575,013,196</b>
<b>FINANCE COSTS</b>	<b>3,461,671</b>	<b>4,664,238</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>56,011,099</b>	<b>44,588,246</b>
<b>INCOME TAX EXPENSE</b>	<b>17,095,222</b>	<b>13,071,742</b>
<b>NET INCOME</b>	<b>38,915,877</b>	<b>31,516,504</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	38,925,497	31,652,104
Non-controlling interest	(9,620)	(135,600)
	<b>38,915,877</b>	<b>31,516,504</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Unrealized holding loss on AFS investments	(1,842,000)	(736,800)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>37,073,877</b>	<b>30,779,704</b>
<b>Income per share</b>		
Basic	0.007980	0.006489
Diluted	0.007980	0.006489
<b>Number of shares outstanding</b>		
Basic (net of treasury stock 125,644,005)	4,877,907,002	4,877,907,002
Diluted (net of treasury stock 125,644,005)	4,877,907,002	4,877,907,002

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the Second Quarter Ended June 30

	2019	2018
<b>INCOME</b>		
Sales of real estate	347,930,588	318,888,278
Rent	21,547,097	33,132,582
Management fees	11,378,283	8,545,507
Interest income	429,439	453,503
Commission	1,165,328	2,279,336
Equity in net earnings of associate	(887,943)	(213,461)
Other income	431,767	1,134,993
	<b>381,994,558</b>	<b>364,220,738</b>
<b>COSTS AND EXPENSES</b>		
Cost of service and real estate sold	219,651,127	215,020,089
General and administrative	130,832,943	115,846,850
	<b>350,484,070</b>	<b>330,866,939</b>
<b>FINANCE COSTS</b>	<b>1,115,598</b>	<b>2,793,998</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>30,394,890</b>	<b>30,559,801</b>
<b>INCOME TAX EXPENSE</b>	<b>9,966,722</b>	<b>9,750,152</b>
<b>NET INCOME</b>	<b>20,428,168</b>	<b>20,809,649</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	20,437,788	20,873,632
Minority interest	(9,620)	(63,984)
	<b>20,428,168</b>	<b>20,809,648</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS):</b>		
Unrealized holding loss on AFS investments	(2,186,806)	(736,800)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>18,241,362</b>	<b>20,072,848</b>
<b>Income per share</b>		
Basic	0.004190	0.004279
Diluted	0.004190	0.004279
<b>Number of shares outstanding</b>		
Basic (net of treasury stock 125,644,005)	4,877,907,002	4,877,907,002
Diluted (net of treasury stock 125,644,005)	4,877,907,002	4,877,907,002

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	For the Six Months Ended June 30	
	2019	2018
<b>Capital Stock</b>		
Authorized 8,000,000,000 common shares		
Issued and outstanding 3,688,869,746 shares in 2019;		
3,688,869,746 shares in 2018		
Capital stock	1,844,434,873	1,844,434,873
Subscribed capital stock 1,314,711,262 shares in 2019;		
1,314,711,262 shares in 2018	657,355,631	657,355,631
Less: Subscription receivable	157,592,009	157,592,009
	499,763,622	499,763,622
Additional paid-in capital	557,014,317	557,014,317
Capital stock	2,901,212,812	2,901,212,812
<b>Reserves</b>		
Appropriated retained earnings for		
Treasury stock acquisition	109,712,439	109,712,439
Revaluation on FVOCI		
Balance, beginning	(20,349,328)	(132,658,993)
Unrealized holding loss on financial assets at FVOCI	1,842,000	(736,800)
Balance, end	(18,507,328)	(133,395,793)
Accumulated Remeasurement Losses	(22,660,995)	(33,638,169)
Reserve for fluctuation in market value of investments	-	110,451,146
Reserve for fluctuation in market value of stocks	- -	5,018,513
	68,544,118	48,111,111
<b>Retained earnings</b>		
Balance, beginning	617,459,124	295,999,721
Net income	38,915,877	31,652,104
Balance, end	656,375,001	327,651,825
	3,626,131,931	3,276,975,748
<b>Treasury Stock</b>	(109,712,439)	(160,904,214)
	3,516,419,493	3,116,071,534
<b>Minority Interest</b>		
Balance, beginning	(5,166,677)	(6,956,159)
Share in net income	-	(135,600)
	(5,166,677)	(7,091,759)
	P3,511,252,813	P3,108,979,774

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Six Months Ended June 30	
	2019	2018
<b>Cash flows from Operating Activities</b>		
Net Income	38,925,497	31,652,104
Adjustments for:		
Financial assets at fair value through other comprehensive income (FVOCI)	1,842,000	(736,800)
Accumulated remeasurement loss (gain)	-	682,830
Reserve for fluctuation in MV of investment in stocks	(238,062)	(3,981,633)
Decrease in minority interest	(9,620)	(135,600)
Depreciation and amortization	7,778,183	5,838,570
Gain from operations before working capital changes	48,297,999	33,319,471
Decrease (Increase) in:		
Real estate inventories	201,096,510	214,766,186
Trade and other receivables - net	(233,444,723)	(135,738,754)
Prepayments and other current assets	(42,566,132)	(71,655,021)
Increase (Decrease) in:		
Trade and other payables	(217,659,817)	28,578,384
Deferred Income	1,208,486	(28,421,109)
Deferred Tax Liability	1,633,967	-
Retirement Benefit Obligation	2,441,783	3,426,068
Unearned Income	219,816	(1,791,987)
Net cash provided by (used in) operating activities	(238,772,111)	42,483,239
<b>Cash Flows from Investing Activities</b>		
Decrease (Increase) in:		
Real estate held for development and sale - net	-	(200,000)
Investments in and advances to associates - net	38,843,927	(527,860)
Financial assets at fair value through other comprehensive income (FVOCI)	(1,842,000)	-
Available-for-sale investments		11,380,437
Investment Property	(67,408,761)	(5,612,260)
Net additions to property and equipment	(8,674,946)	511,220
Net cash provided by (used in) investing activities	(39,081,781)	5,551,538
<b>Cash Flows from Financing Activities</b>		
Availment of loans payable	677,278,545	-
Payment of Bank Loans	(285,352,880)	(56,855,450)
Net cash provided by (used in) financing activities	391,925,666	(56,855,450)
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	114,071,774	(9,020,675)
<b>Cash and Cash Equivalents, Beginning</b>	78,462,791	140,866,864
<b>Cash and Cash Equivalents, End</b>	192,534,563	131,846,189



**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**AGING OF ACCOUNTS RECEIVABLE-TRADE**  
**AS OF JUNE 30, 2019**

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC	451,535,515	188,364,101	2,046,893	366,770,648	1,008,717,157
PPMI	1,799,423	1,542,903	499,793	2,988,335	6,830,454
TIBI	(474,811)				(474,811)
UTC	6,000	-			6,000
GRAND TOTAL	452,866,127	189,907,004	2,546,686	369,758,983	1,015,078,801

Accounts Receivable - Trade	1,015,078,801
Accounts Receivable - Others	224,921,519
Total	<u>1,240,000,320</u>

## FINANCIAL INFORMATION

### Item 6. Management's Discussion and Analysis of Financial Condition or Results of Operation

Philippine Realty and Holdings Corporation (interchangeably referred to as the "Company" or the "Parent Company") continues to improve on its operations and financial performance, exhibiting improvements in profitability and maintaining very healthy liquidity and solvency position.

#### I. Review of Consolidated Statement of Income for the Period Ending 30 June 2019 vs. 30 June 2018

1. Consolidated net income after tax. Philippine Realty and Holdings Corporation posted net income after tax of **₱38.92 Million** for the 6 months ended 30 June 2019 compared to **₱31.52 Million** net income after tax for the same period last year, or an increase in the Company's consolidated net income after tax of **₱7.40 Million** or a **23.48%** increase. The improvement in the Company's profitability is explained below.

##### a. Income

- 1) Sales of real estate. Sales of real estate increased by **₱3.3 Million** or by **0.61%** for the 6 months ended 30 June 2019 compared to the sales of real estate for the same period last year. Sales of real estate pertains to units sold at Skyline and SkyVillas Towers located in Quezon City, and at Icon Plaza located in Bonifacio Global City.
- 2) Rent. Rental income decreased **₱8.8 Million** or by **17%** due to the termination of some contracts of lease.
- 3) Management fees. Management fees was higher by **21%** due to additional/new engagements and increases in fees obtained by one of the Company's subsidiaries.

##### b. Costs and Expenses

- 1) Cost of service and unit sold. For the six months ended 30 June 2019 compared to the six months ended 30 June 2018, Cost of service and unit sold decreased by **₱29 Million**.
- 2) General and administrative expenses. General and administrative expenses increased by **₱11.7 Million** or by **6%** due to higher Salaries, business licenses and other Real property and other taxes in 2019.

##### c. Subsidiaries.

The contributions of the Company's subsidiaries to revenues and net income are shown below.

- 1) PRHC Property Managers, Inc. ("PPMI"). The Company's property management subsidiary registered a Net loss of **₱0.9 Million** for the six months ended 30 June

2019. It is lower by ₱1.5 Million compared to the Net income registered by PPMI for the same period last year.

- 2) **Tektite Insurance Brokers, Inc. ("TIBI")**. The Group's insurance brokerage firm posted a net income of ₱0.7 Million for the for six months ended 30 June 2019 which is lower by ₱1.4 Million compared to the ₱2.1 Million net income registered for the same period last year.

**II. Review of Consolidated Statement of Financial Position for the Period Ending 30 June 2019 vs. 31 December 2018**

1. **Total assets.** The Company's Total assets stood at ₱5.24 Billion as of 30 June 2019, higher by ₱220.2 Million compared to the ₱5.02 Billion level of Total assets as of 31 December 2018.

The Company's Real estate assets accounted for 57% of the Total assets of the Company as of 30 June 2019.

Real estate inventories decreased by ₱201 Million from 31 December 2018 to 30 June 2019, or by 14%, due to the hugely successful effort of the Parent company to sell its Skyline and SkyVillas inventory of condominium units.

The decrease in Real estate inventories is somehow compensated for by the ₱235 Million increase in Net trade and other receivables that increased by 28.71% from 31 December 2018 to 30 June 2019, as a result of selling terms granted to some of the Company's buyers.

Investment properties increased by ₱67 Million or from ₱1.693 Billion in 2018 to ₱1.760 Billion in 2019 due to new acquisitions by the Parent Company of condominium units and parking slots at the Philippine Stock Exchange Centre (hereinafter "PSEC" which was formerly called Tektite Towers) as part of a deliberate strategy of the Parent Company to acquire properties for lease, especially office units at PSEC, to increase its inventory of Investment properties to generate recurring income.

2. **Total liabilities.** Total liabilities as of 30 June 2019 increased by ₱180 Million compared to 31 December 2018 largely due to the net effect of increase in Loans Payable amounting to ₱390 Million and the decrease in Trade and other payables amounting to ₱223 Million, as a result of settlement of payables to Contractors and other creditors.
3. **Total Equity.** Total equity was recorded at ₱3.51 Billion as of 30 June 2019 compared to ₱3.47 Billion as of 31 December 2018.

Total equity increased by ₱40.52 Million from 31 December 2018 to 30 June 2019.

Retained earnings increased by ₱38.9 Million as a result of the Net income contributed by the Parent Company during the same period.

### III. Performance Indicators

The table below presents the comparative performance indicators of the Company and its subsidiaries as of 30 June 2019 compared to 31 December 2018.

Performance Indicators	30 June 2019 Unaudited	31 December 2018 Unaudited
Current ratio <sup>1</sup>	4.32:1	4.15:1
Debt-to-equity ratio <sup>2</sup>	0.49:1	0.45:1
Asset-to-equity ratio <sup>3</sup>	1.49:1	1.45:1
Book value per share <sup>4</sup>	₱0.75	₱0.74
Earnings per share <sup>5</sup>	₱0.02	₱0.08

<sup>1</sup> Current assets / current liabilities

<sup>2</sup> Total debt / consolidated stockholders' equity

<sup>3</sup> Total assets / Total stockholders' equity

<sup>4</sup> Total stockholders' equity plus Subscriptions receivable / No. of shares outstanding

<sup>5</sup> Net income attributable to equity holders of Parent Company / Weighted average no. of common shares issued and outstanding

The table above reflects the steadiness of the Company in terms of liquidity and solvency

1. **Current ratio.** The Company's Current ratio shows 4% improvement from December 2018 to June 2019
2. **Debt-to-equity ratio.** The Company's Debt-to-equity ratio is very healthy at 0.49:1 in June 2019.
3. **Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also increased by 0.04 at 1.45:1 from December 2018 to 1.49:1 in June 2019.

The steady performance of Debt-to-Equity ratio of the Company for the periods under review clearly demonstrate that the Company's real estate business is currently being financed primarily by funds provided by its shareholders and a small amount of debt.

4. **Book value per share.** The performance of the Company's Book value per share has also been a very encouraging. It has been consistently improving from ₱0.74 per share as of Dec 2018 and to ₱0.75 per share as of 30 June 2019.

There was no issuance, repurchase or payment/repayment of neither debt and equity securities nor dividends during the year 2019.

As of this report, there is no other known event that will trigger direct or contingent financial obligation that is material to the Company. Moreover, there is no material off-balance sheet transaction, arrangement, obligation and other relationship of the Company with unconsolidated entities or other persons created during this period.

#### IV. Financial Risk Management

The Company's activities expose it to a variety of financial risks. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

1. **Foreign currency risk.** The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US Dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

2. **Credit risk.** Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted stringent procedures in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate and acceptable credit history.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Company also undertakes supplemental credit review procedures for certain installment payment structures. The Company's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. 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 defaults 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 paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at Fair Value through Profit and Loss ("FVPL"), financial assets at Fair Value through Other Comprehensive Income ("FVOCI") and advances to subsidiaries and

associates. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank investment limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

3. **Interest rate risk.** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash and cash equivalents and loans payable.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

4. **Price risk.** Price risk is the risk that the fair value of the financial investments particularly debt and equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

5. **Liquidity Risk.** The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity. Free cash flows have been restricted primarily for the settlement of the Parent's Company's debt obligations.

The Company manages liquidity risk by maintaining adequate reserves, establishing banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

PHILIPPINE REALTY AND HOLDINGS CORPORATION  
FINANCIAL SOUNDNESS INDICATORS

Exhibit II

2019

2018

**Net Profit Margin:**

*Shows how much profit is made for every peso of revenue*

Net Income(Loss)/  
Total Revenues

38,915,877

615,424,363

6.32%

31,516,505

624,265,681

5.05%

**Asset Turnover:**

*Shows efficiency of asset used in operations*

Total Revenues/  
Ave. Total Assets

615,424,363

3,973,261,257

0.15

624,265,681

4,450,398,795

0.14

**Interest Rate Coverage Ratio:**

*Determine how easily a company can pay interest on outstanding debt*

EBITDA/  
Interest Expense

67,250,952.49

3,461,670.56

19.43

59,755,293

4,664,237.69

12.81

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
BUSINESS SEGMENTS  
AS OF JUNE 30, 2019

Exhibit III

	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Travel Services	Other Income	Elimination	Consolidated
Revenue	590,026,148	22,123,240	3,231,775	-	809,745.37	-	616,190,908
Segment Result							
Interest expense/Bank charges	58,441,590	(1,594,182)	965,584	(52,578)	747,431	-	58,507,844
Interest Income	(3,461,671)						(3,461,671)
Dividend income	1,859,233	601	2,018	492			1,862,345
Gain on sale of PPE							-
Equity in net loss of associate							-
Income taxes	(17,195,207)	402,735	(302,750)			(897,419)	(897,419)
Income before minority interest	39,643,946	(1,190,846)	664,852	(52,086)	747,431	(897,419)	(17,095,222)
Minority interest							38,915,877
Net Income	39,643,946	(1,190,846)	664,852	(52,086)	747,431	(897,419)	38,915,877
Other Information							
Segment assets	5,081,420,996	66,222,585	16,455,334	1,186,569	25,009,933	15,819,583	5,206,114,999
Investment at equity method	187,492,142					(149,662,613)	37,829,528
Unallocated corporate assets	-	4,916,914				(4,916,914)	0
Consolidated Total Assets	5,268,913,137	71,139,499	16,455,334	1,186,569	25,009,933	(138,759,945)	5,243,944,528
Segment liabilities	1,464,891,113	29,067,550	760,539	29,926,919	74,730,116	(110,925,364)	1,488,450,874
Unallocated corporate liabilities	247,523,788	-	1,633,967	-		(4,916,914)	244,240,841
Consolidated Total Liabilities	1,712,414,902	29,067,550	2,394,506	29,926,919	74,730,116	(115,842,278)	1,732,691,716
Capital expenditure							-
Depreciation							-
Non-cash expenses other than depreciation	7,352,268	239,276	186,638	-			7,778,183