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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 Person631-3179

631-3179

Company Telephone

Number

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Month

3	0
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Day

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FORM TYPE

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Month Day

Annual Meeting

N/A

N/A

Secondary License Type, If Applicable

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Dept. Requiring this Doc.
Number/Section

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Amended Articles

**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, 2020

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 Centre, Exchange Rd., Ortigas Center, Pasig City

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 Centre, 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, 2020 and 2019, 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, 2019.

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, 2020 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

July 24, 2020



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

July 24, 2020

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

	Unaudited June 30 2020	Audited December 31 2019
ASSETS		
Current Assets		
Cash and cash equivalents	343,798,816	218,430,583
Financial assets at fair value through profit or loss (FVPL)	6,750,000	6,750,000
Trade and other receivables-current portion	449,876,521	351,394,206
Real estate inventories	1,080,073,251	1,159,131,710
Prepayments and other assets-net	392,019,054	406,326,484
Total Current Assets	2,272,517,642	2,142,032,984
Non-current Assets		
Financial assets at fair value through other comprehensive income (FVOCI)	33,192,986	35,693,930
Trade and other receivables-non current portion	1,274,032,230	1,273,794,211
Investments in and advances to associates-net	73,714,501	74,609,804
Investment properties-net	2,247,523,970	2,223,285,470
Property and equipment - net	87,122,440	93,978,372
Other non-current assets	53,386	53,386
Right of Use Asset	103,020,091	107,862,621
Investment in Finance Lease	235,977,047	241,562,399
Total Non-current Assets	4,054,636,651	4,050,840,193
	6,327,154,293	6,192,873,177
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Trade and other payables-current portion	461,889,346	238,703,926
Unearned income	1,345,385	1,295,643
Loans Payable and note payable	431,174,652	481,658,467
Lease Liability-current	7,145,674	14,112,902
Total Current Liabilities	901,555,056	735,770,938
Non-current Liabilities		
Trade and other payables-net of current portion	122,288,741	120,758,909
Loans payable-net of current portion	672,028,126	673,427,834
Retirement benefit obligation	51,955,542	55,320,659
Deferred tax liabilities-net	431,049,770	428,965,492
Other non-current liabilities	36,395,799	41,540,793
Lease Liability-noncurrent	202,339,455	202,339,455
Total Non-current Liabilities	1,516,057,432	1,522,353,142
	2,417,612,488	2,258,124,080
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	2,344,226,244	2,344,226,245
Additional paid-in capital	557,014,317	557,014,317
Reserves	43,810,792	46,376,118
Retained earnings	1,090,538,683	1,113,176,522
Treasury stock	(110,049,633)	(110,049,633)
	3,925,540,403	3,950,743,569
Equity Attributable to Non-Controlling Interest	(15,998,598)	(15,994,472)
	3,909,541,805	3,934,749,097
	6,327,154,293	6,192,873,177

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

	For the Six Months Ended June 30	
	2020	2019
INCOME		
Sales of real estate	200,002,415	548,996,252
Rent	44,183,953	41,948,651
Management fees	23,689,957	21,247,685
Interest income	982,899	1,862,345
Commission income	2,319,715	3,231,775
Equity in net loss of associate	(895,303)	(897,419)
Other income	1,075,637	766,545
	271,359,273	617,155,833
COSTS AND EXPENSES		
Cost of service and unit sold	147,396,571	346,890,474
General and administrative	126,569,395	210,792,590
	273,965,966	557,683,064
FINANCE COSTS	16,818,383	3,461,671
INCOME (LOSS) BEFORE INCOME TAX	(19,425,076)	56,011,099
INCOME TAX EXPENSE	3,216,902	17,095,222
NET INCOME (LOSS)	(22,641,977)	38,915,877
ATTRIBUTABLE TO:		
Equity holders of the parent	(22,637,851)	38,925,497
Non-controlling interest	(4,127)	(9,620)
	(22,641,977)	38,915,877
OTHER COMPREHENSIVE INCOME:		
Unrealized holding loss on		
AFS investments	(2,163,751)	(1,842,000)
TOTAL COMPREHENSIVE INCOME (LOSS)	(24,805,728)	37,073,877
Income (Loss) per share		
Basic	(0.004641)	0.007980
Diluted	(0.004641)	0.007980
Number of shares outstanding		
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	
	2020	2019
INCOME		
Sales of real estate	51,893,303	347,930,588
Rent	14,073,130	21,547,097
Management fees	11,608,674	11,378,283
Interest income	221,052	429,439
Commission	583,091	1,165,328
Equity in net loss of associate	(263,814)	(887,943)
Other income	478,546	431,767
	78,593,982	381,994,558
COSTS AND EXPENSES		
Cost of service and real estate sold	45,154,206	219,651,127
General and administrative	60,022,830	130,832,943
	105,177,036	350,484,070
FINANCE COSTS	9,018,518	1,115,598
INCOME (LOSS) BEFORE INCOME TAX	(35,601,572)	30,394,890
INCOME TAX EXPENSE	(1,738,558)	9,966,722
NET INCOME (LOSS)	(33,863,014)	20,428,167
ATTRIBUTABLE TO:		
Equity holders of the parent	(33,863,014)	20,437,788
Minority interest	-	(9,620)
	(33,863,014)	20,428,168
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized holding loss on AFS investments	(2,163,751)	(2,186,806)
TOTAL COMPREHENSIVE INCOME (LOSS)	(36,026,765)	18,241,362
Income (loss) per share		
Basic	(0.006942)	0.004190
Diluted	(0.006942)	0.004190
Number of shares outstanding		
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	
	2020	2019
Capital Stock		
Authorized 8,000,000,000 common shares		
Issued and outstanding 3,688,869,746 shares in 2020;		
3,688,869,746 shares in 2019		
Capital stock	1,844,434,873	1,844,434,873
Subscribed capital stock 1,314,711,262 shares in 2020;		
1,314,711,262 shares in 2019	657,355,631	657,355,631
Less: Subscription receivable	157,564,259	157,592,009
	499,791,372	499,763,622
Additional paid-in capital	557,014,317	557,014,317
Capital stock	2,901,240,562	2,901,212,812
Reserves		
Appropriated retained earnings for		
Treasury stock acquisition	109,712,439	109,712,439
Revaluation on FVOCI		
Balance, beginning	(25,988,876)	(20,349,328)
Unrealized holding loss on financial assets at FVOCI	(2,163,751)	2,179,194
Balance, end	(28,152,626)	(18,170,134)
Accumulated Remeasurement Losses	(25,363,833)	(22,660,995)
Reserve for fluctuation in market value of stocks	(12,385,188)	-
	43,810,793	68,881,312
Retained earnings		
Balance, beginning	1,113,176,533	617,459,124
Net income (loss)	(22,641,977)	38,915,877
Balance, end	1,090,534,556	656,375,001
	4,035,585,911	3,626,469,125
Treasury Stock		
	(110,049,633)	(110,049,633)
	3,925,536,279	3,516,419,492
Minority Interest		
Balance, beginning	(15,994,472)	(5,166,677)
Share in net income	-	-
	(15,994,472)	(5,166,677)
	P3,909,541,805	P3,511,252,814

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

	For the Six Months Ended June 30	
	2020	2019
Cash flows from Operating Activities		
Net Income (loss)	(22,637,851)	38,925,497
Adjustments for:		
Financial assets at fair value through other comprehensive income (FVOCI)	(2,500,945)	1,842,000
Reserve for fluctuation in MV of investment in stocks	-	(238,062)
Decrease in minority interest	(4,126)	(9,620)
Depreciation and amortization	7,716,726	7,778,183
Gain (loss) from operations before working capital changes	(17,426,195)	48,297,998
Decrease (Increase) in:		
Real estate inventories	79,058,459	201,096,510
Trade and other receivables - net	(98,720,334)	(233,444,723)
Prepayments and other current assets	14,307,430	(42,566,132)
Increase (Decrease) in:		
Trade and other payables	224,715,251	(217,659,817)
Deferred Income	(5,144,994)	1,208,486
Deferred Tax Liability	2,084,278	1,633,967
Retirement Benefit Obligation	(3,365,117)	2,441,783
Unearned Income	49,742	219,816
Net cash provided by (used in) operating activities	195,558,520	(238,772,111)
Cash Flows from Investing Activities		
Decrease (Increase) in:		
Right of Use Asset	4,842,530	-
Investment in Finance Lease	5,585,352	-
Lease Liability	(6,967,228)	-
Investments in and advances to associates - net	895,303	38,843,927
Financial assets at fair value through other comprehensive income (FVOCI)	2,500,944	(1,842,000)
Investment Property	(24,238,500)	(67,408,761)
Net additions to property and equipment	(860,794)	(8,674,946)
Net cash (used in) investing activities	(18,242,393)	(39,081,781)
Cash Flows from Financing Activities		
Availment of loans payable	450,807,156	677,278,545
Payment of Bank Loans	(502,755,049)	(285,352,880)
Net cash provided by (used in) financing activities	(51,947,893)	391,925,666
Net Increase in Cash and Cash Equivalents	125,368,234	114,071,774
Cash and Cash Equivalents, Beginning	218,430,583	78,462,791
Cash and Cash Equivalents, End	343,798,816	192,534,563

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE-TRADE
AS OF JUNE 30, 2020

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC	34,082,045	28,778,446	10,219,893	14,869,733	87,950,117
PPMI	2,419,679	2,252,433	2,105,723	5,607,790	12,385,625
TIBI	7,307,920				7,307,920
UTC	-	-			-
GRAND TOTAL	43,809,644	31,030,879	12,325,616	20,477,523	107,643,662

Accounts Receivable - Trade	107,643,662
Accounts Receivable - Others	342,232,859
Total	449,876,521

FINANCIAL INFORMATION

Management's Discussion and Analysis of Financial Condition or Results of Operation

The second quarter 2020 financial performance of Philippine Realty and Holdings Corporation (interchangeably referred to by its PSE trading symbol "RLT" or "**Parent Company**" or as the "**RLT Group**" or "**Group**") continued to reflect a very healthy and conservative liquidity and solvency positions but also reflected the debilitating effects of the strict community quarantine enforced in the said period. For the second quarter of 2020, the Group reported a Net loss of ₱33.8 Million compared to a consolidated net income of ₱20.4 Million for the same period last year.

Like most businesses, the Group was negatively impacted by the strict lockdown implemented by the government in the second quarter to control the spread of COVID-19.

Several unexpected shocks and developments affected the Philippine economy in the first half of 2020.

First was the **Taal volcano eruption in January 2020** that adversely affected the very buoyant second home and vacation home market in its immediate environs.

Second was the noticeable and **significant decline in tourism and tourism-related activities starting in February due to the COVID-19 pandemic**.

And third, the crippling **enhanced community quarantine ("ECQ")** that needed to be implemented by the government in Luzon and other parts of the country starting mid-March to halt or minimize the spread of COVID-19. The community quarantine that is in effect up to this writing, was one of the most severe lockdowns implemented by any country globally. And it was at its strictest in the second quarter.

COVID-19 halted and reversed the country's strong growth and development prospects. In the first quarter of 2020 the Philippine economy contracted by 0.2%, compared to the 5.7% growth during the same period last year. Our economic managers believe that this is the first time that real GDP growth fell into negative territory since 1998 which was caused by the combined effects of El Niño and the Asian Financial Crisis. The GDP contraction is expected to be much worse in the second quarter.

I. Review of Consolidated Statement of Income for the Period Ending 30 June 2020 vs. 30 June 2019

- 1. Consolidated net income after tax.** The RLT Group posted a net loss after tax of ₱22.6 Million for the six (6) months ended 30 June 2020 compared to ₱38.9 Million net income after tax for the same period last year, or decrease in the Company's consolidated net income after tax of ₱61.6 Million.

The decline in the RLT Group's profitability is largely attributable to the decrease in the number of units sold by the Parent Company, that was partially offset by the increase in rental revenues and management fees.

a. Income

- 1) Sales of real estate.** Sales of real estate declined by ₱349 Million or by 63.6% for the first six (6) months of 2020 compared to the sales of real estate for the same period last year.

Sales of real estate pertains to units sold by the Parent Company at Skyline and SkyVillas Towers located in Quezon City, and at the Icon Plaza located in Bonifacio Global City (“BGC”).

The very strict lockdown imposed in the second quarter of 2020 that started from the latter part of the first quarter, had a huge negative and adverse impact on the Parent Company’s ability to sell its real estate inventories.

- 2) **Rent.** Rental income increased by ₱2.2 Million or by 5.3% due to additional tenants booked during the period resulting from the Parent Company’s decision to acquire more units for lease in 2019.
- 3) **Management fees.** Management fees was higher by 11.5% due to the new engagements and increases in fees obtained by one of the Parent Company’s subsidiaries.

b. Costs and Expenses

- 1) **Cost of service and unit sold.** For the six months ended 30 June 2020 compared to the six months ended 30 June 2019, the cost of service and units sold decreased by ₱199.5 Million or a decline of 57.51%.

The decrease is mainly attributable to the proportionate decrease in the real estate units sold during the period.

- 2) **General and administrative expenses.** General and administrative expenses decreased by ₱84.2 Million or by 39.96% due to the proportionate decrease in commissions and sales expenses relative to the decrease in real estate units sold during the period.
- 3) **Finance cost.** The finance costs of ₱16.8 Million in the first half of 2020 which increased from ₱3.5 Million last year, or an increase by 385.8%, was due to the additional loans incurred by the Parent Company to finance the acquisition of investment properties (units to be made available for rent rather than for sale).

c. Subsidiaries.

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

- 1) **PRHC Property Managers, Inc. (“PPMI”).** The RLT Group’s property management company, PPMI, registered a Net income of ₱2.8 Million for the six months ended 30 June 2020.

It is higher by ₱3.73 Million compared to the Net income registered by PPMI for the same period last year.

- 2) **Tektite Insurance Brokers, Inc. (“TIBI”).** The RLT Group’s insurance brokerage firm posted a net income of ₱0.2 Million for the six (6) months ended 30 June 2020 which is lower by ₱0.5 Million compared to the ₱0.7 Million net income registered by TIBI for the same period last year.

II. Review of Consolidated Statement of Financial Position for the Period Ending 30 June 2020 vs. 31 December 2019

1. **Total assets.** The RLT Group's total assets stood at ₱6.33 Billion as of 30 June 2020, higher by ₱134.3 Million compared to the ₱6.19 Billion level of total assets as of 31 December 2019. The RLT Group's real estate assets accounted for 52.6% of the total assets of the Group as of 30 June 2020.

Real estate inventories decreased by ₱79 Million from 31 December 2019 to 30 June 2020, or by 6.8% from the sale by the Parent Company of its Skyline and SkyVillas condominium units.

The decrease in real estate inventories is compensated for by the ₱98.7 Million increase in net trade and other receivables which showed a 28% growth from 31 December 2019 to 30 June 2020, as a result of the payment terms availed of by some of the Parent Company's residential condominium buyers.

Investment properties increased by ₱24.2 Million or from ₱2.223 Billion in 2019 to ₱2.247 Billion in 2020 due to new acquisitions by the Parent Company of condominium units and parking slots at the Philippine Stock Exchange Centre ("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 in the PSEC (which was the Parent Company's first office and commercial tower development) to increase its inventory of investment properties to generate recurring income.

2. **Total liabilities.** Total liabilities as of 30 June 2020 increased by ₱159.5 Million compared to 31 December 2019.
3. **Total Equity.** Total consolidated equity went down by ₱25.2 Million as of 30 June 2020, or from ₱3.935 Billion to ₱3.910 Billion.

Retained earnings decreased by ₱22.6 Million as of 30 June 2020 compared to 31 December 2019 as a result of the Group's consolidated net loss. Retained earnings went down from ₱1.113 Billion in December 2019 to ₱1.091 Billion in June 2020.

III. Performance Indicators

The table below presents the comparative performance indicators of the RLT Group as of 30 June 2020 compared to 31 December 2019.

Performance Indicators	30 June 2020 Unaudited	31 December 2019 Audited
Current ratio ¹	2.52:1	2.91:1
Debt-to-equity ratio ²	0.62:1	0.57:1
Asset-to-equity ratio ³	1.62:1	1.57:1
Book value per share ⁴	₱0.84	₱0.84
Earnings per share ⁵	(₱0.005)	₱0.10

¹ Current assets / current liabilities

² Total debt / consolidated stockholders' equity

³ Total assets / Total stockholders' equity

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

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

The table above reflects the conservative stance of Management in terms of the Group's liquidity and solvency positions.

1. **Current ratio.** The Group's current ratio at 2.52:1 as of 30 June 2020 reflected a decline compared to 2.91:1 as of end-2019, but still at a very satisfactory level.
2. **Debt-to-equity ratio.** Similarly, the RLT Group's debt-to-equity ratio while showing a slight deterioration as of 30 June 2020 still remained at a very conservative and acceptable level at 0.62:1 compared to 0.57:1 as of 31 December 2019.

As of end-June 2020, the Group reflected lower total loans payable compared to end-December 2019. The decrease amounted to ₱51.9 Million due to the loan payments made by the Parent Company during the period.

3. **Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also remained basically unchanged at 1.6:1.

The steady performance of the Group's asset-to-equity ratio for the periods under review clearly demonstrate that the Company's real estate business is currently being financed substantially 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 very encouraging. It has been unchanged at ₱0.84 per share as of December 2019 and as of 30 June 2020.

There was no issuance, repurchase or payment of equity securities or dividends during the first half of 2020.

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.

With respect to 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 have 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

FINANCIAL SOUNDNESS INDICATORS			2020		2019
Net Profit Margin:					
<i>Shows how much profit is made for every peso of revenue</i>	Net Income(Loss)/	(22,641,977)	-8.38%	38,915,877	6.32%
	Total Revenues	270,196,041		615,424,363	
Asset Turnover:					
<i>Shows efficiency of asset used in operations</i>	Total Revenues/	270,196,041	0.04	615,424,363	0.15
	Ave. Total Assets	6,260,182,332		3,973,261,257	
Interest Rate Coverage Ratio:					
<i>Determine how easily a company can pay interest on outstanding debt</i>	EBITDA/	5,110,033.86	0.30	67,250,952	19.43
	Interest Expense	16,818,383.23		3,461,670.56	

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
BUSINESS SEGMENTS
AS OF JUNE 30, 2020

Exhibit III

	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Travel Services	Other Income	Elimination	Consolidated
Revenue	244,130,568	23,702,557	2,319,715	-	1,118,837.18		271,271,678
Segment Result	(7,782,254)	3,834,924	219,093	(22,462)	1,056,411	-	(2,694,288)
Interest expense/Bank charges	(16,818,383)						(16,818,383)
Interest income	981,273	233	1,272	120			982,899
Dividend income							-
Gain on sale of PPE							-
Equity in net loss of associate							-
Income taxes	(1,927,146)	(1,210,686)	(79,070)			(895,303)	(895,303)
Income before minority interest	(25,546,509)	2,624,471	141,296	(22,342)	1,056,411	(895,303)	(22,641,977)
Minority interest	(25,546,509)	2,624,471	141,296	(22,342)	1,056,411	(895,303)	(22,641,977)
Net Income							
Other Information							
Segment assets	6,051,823,790	78,704,685	30,140,864	1,161,281	2,913,827	89,032,538	6,253,776,986
Investment at equity method	130,276,063					(56,561,562)	73,714,501
Unallocated corporate assets	-	6,697,449	(337,193)	-	-	(6,697,449)	(337,193)
Consolidated Total Assets	6,182,099,853	85,402,134	29,803,671	1,161,281	2,913,827	25,773,527	6,327,154,294
Segment liabilities	1,840,000,418	35,814,393	16,384,021	29,902,435	74,871,770	(10,410,319)	1,986,562,718
Unallocated corporate liabilities	435,662,941	-	2,084,278	-	-	(6,697,449)	431,049,770
Consolidated Total Liabilities	2,275,663,359	35,814,393	18,468,299	29,902,435	74,871,770	(17,107,768)	2,417,612,488
Capital expenditure	-	-		-			-
Depreciation	7,086,618	445,980	184,128	-			7,716,726
Non-cash expenses other than depreciation							-