

COVER SHEET

9	9	9	0	5					
---	---	---	---	---	--	--	--	--	--

S.E.C. Registration Number

[illegible][illegible]

P	H	I	L	I	P	P	I	N	E		R	E	A	L	T	Y		A	N	D		H	O	L	D	I	N	G	S
---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	--	---	---	---	---	---	---	---	---

[illegible]

(Company's Full Name)

O	N	E		B	A	L	E	T	E		1		B	A	L	E	T	E		D	R	I	V	E		C	O	R
---	---	---	--	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---

N		D	O	M	I	N	G	O		S	T		B	R	G	Y		K	A	U	N	L	A	R	A	N			
---	--	---	---	---	---	---	---	---	--	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	--	--

D	I	S	T	R	I	C	T		4		Q	U	E	Z	O	N		C	I	T	Y		1	1	1	1				
---	---	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	--	--	--	--

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

Mr. Mark Anthony M. Ramos

Contact Person

Number

0	9
---	---

Month

3	0
---	---

Day

	1	7	Q	
--	---	---	---	--

FORM TYPE

--	--

--	--

Month Day

Annual Meeting

N/A

N/A

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.
Number/Section

--

Amended Articles

Total Amount of Borrowings

Total No. of Stockholders
Foreign

--	--	--	--	--	--	--

Domestic

--	--	--	--	--	--	--

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 September 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 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 September 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 Nine months ended September 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

November 11, 2020



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

November 11, 2020

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

	Unaudited September 30 2020	Audited December 31 2019
ASSETS		
Current Assets		
Cash and cash equivalents	183,246,800	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	209,085,478	351,394,206
Real estate inventories	1,110,244,904	1,159,131,710
Prepayments and other assets-net	433,992,237	406,326,484
Total Current Assets	1,943,319,418	2,142,032,984
Non-current Assets		
Financial assets at fair value through other comprehensive income (FVOCI)	34,932,459	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	65,122,129	74,609,804
Investment properties-net	2,268,503,789	2,223,285,470
Property and equipment - net	83,917,370	93,978,372
Other non-current assets	53,386	53,386
Right of Use Asset	100,598,826	107,862,621
Investment in Finance Lease	233,135,920	241,562,399
Total Non-current Assets	4,060,296,109	4,050,840,193
	6,003,615,527	6,192,873,177
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Trade and other payables-current portion	234,035,872	238,703,926
Unearned income	1,349,432	1,295,643
Loans and notes payable	407,335,660	481,658,467
Lease Liability-current	3,601,622	14,112,902
Total Current Liabilities	646,322,585	735,770,938
Non-current Liabilities		
Trade and other payables-net of current portion	131,088,741	120,758,909
Loans and notes payable-net of current portion	673,427,834	673,427,834
Retirement benefit obligation	53,891,386	55,320,659
Deferred tax liabilities-net	431,049,770	428,965,492
Other non-current liabilities	36,012,364	41,540,793
Lease Liability-noncurrent	202,339,455	202,339,455
Total Non-current Liabilities	1,527,809,550	1,522,353,142
	2,174,132,135	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	45,550,265	46,376,118
Retained earnings	1,008,739,282	1,113,176,522
Treasury stock	(110,049,633)	(110,049,633)
	3,845,480,475	3,950,743,569
Equity Attributable to Non-Controlling Interest	(15,997,083)	(15,994,472)
	3,829,483,392	3,934,749,097
	6,003,615,527	6,192,873,177

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

	For the Nine Months Ended September 30	
	2020	2019
INCOME		
Sales of real estate	229,009,223	846,890,457
Rent	54,445,392	67,607,919
Management fees	33,832,469	32,961,672
Interest income	2,137,643	3,507,491
Commission income	3,684,304	4,542,110
Equity in net earnings (loss) of associate	(2,442,453)	1,427,326
Other income	1,825,167	1,889,732
	322,491,745	958,826,707
COSTS AND EXPENSES		
Cost of service and unit sold	192,274,277	522,263,325
General and administrative	214,937,321	321,012,617
	407,211,598	843,275,943
FINANCE COSTS	16,384,621	8,140,553
INCOME (LOSS) BEFORE INCOME TAX	(101,104,474)	107,410,211
INCOME TAX EXPENSE	3,335,390	31,593,362
NET INCOME (LOSS)	(104,439,863)	75,816,849
ATTRIBUTABLE TO:		
Equity holders of the parent	(104,435,737)	75,826,470
Non-controlling interest	(4,127)	(9,620)
	(104,439,863)	75,816,849
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized holding loss on AFS investments	(761,471)	(415,588)
TOTAL COMPREHENSIVE INCOME (LOSS)	(105,201,334)	75,401,261
Income (Loss) per share		
Basic	(0.021410)	0.015545
Diluted	(0.021410)	0.015545
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 Third Quarter Ended September 30	
	2020	2019
INCOME		
Sales of real estate	29,006,808	297,894,204
Rent	10,261,439	25,659,268
Management fees	10,142,511	11,713,988
Interest income	1,154,745	1,645,146
Commission	1,364,588	1,310,335
Equity in net earnings (loss) of associate	(1,547,149)	2,324,745
Other income	749,530	1,123,187
	51,132,472	341,670,873
COSTS AND EXPENSES		
Cost of service and real estate sold	44,877,705	175,372,851
General and administrative	88,367,926	110,220,028
	133,245,632	285,592,878
FINANCE COSTS	(433,762)	4,678,883
INCOME (LOSS) BEFORE INCOME TAX	(81,679,398)	51,399,112
INCOME TAX EXPENSE	118,488	14,498,140
NET INCOME (LOSS)	(81,797,886)	36,900,972
ATTRIBUTABLE TO:		
Equity holders of the parent	(81,797,886)	36,900,972
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized holding loss on AFS investments	1,402,279	1,426,412
TOTAL COMPREHENSIVE INCOME (LOSS)	(80,395,607)	38,327,384
Income (Loss) per share		
Basic	(0.016769)	0.007565
Diluted	(0.016769)	0.007565
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 Nine Months Ended September 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 (gain) on financial assets at FVOCI	(424,277)	752,782
Balance, end	(26,413,153)	(19,596,546)
Accumulated Remeasurement Losses	(25,363,833)	(22,660,995)
Reserve for fluctuation in market value of stocks	(12,385,188)	-
	45,550,266	67,454,900
Retained earnings		
Balance, beginning	1,113,176,533	616,417,465
Net income (loss)	(104,439,863)	75,816,849
Balance, end	1,008,736,670	692,234,314
	3,955,527,498	3,660,902,026
Treasury Stock	(110,049,633)	(110,049,633)
	3,845,477,866	3,550,852,393
Minority Interest		
Balance, beginning	(15,994,472)	(5,166,677)
Share in net income	-	-
	(15,994,472)	(5,166,677)
	P3,829,483,392	P3,545,685,714

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

	For the Nine Months Ended September 30	
	2020	2019
Cash flows from Operating Activities		
Net Income (loss)	(104,435,737)	75,826,470
Adjustments for:		
Financial assets at fair value through other comprehensive income (FVOCI)	(761,471)	415,588
Reserve for fluctuation in MV of investment in stocks	-	(238,062)
Decrease in minority interest	(2,611)	(9,620)
Prior period adjustment from subsidiary	-	(1,041,659)
Depreciation and amortization	11,481,659	11,803,587
Gain (loss) from operations before working capital changes	(93,718,159)	86,756,303
Decrease (Increase) in:		
Real estate inventories	48,886,807	274,728,325
Trade and other receivables - net	142,070,710	(482,953,237)
Prepayments and other current assets	(27,665,753)	(33,501,704)
Increase (Decrease) in:		
Trade and other payables	5,661,778	(278,889,796)
Deferred Income	(5,528,429)	1,172,017
Deferred Tax Liability	2,084,278	1,633,967
Retirement Benefit Obligation	(1,429,273)	5,042,852
Unearned Income	53,789	339,217
Net cash provided by (used in) operating activities	70,349,861	(425,672,055)
Cash Flows from Investing Activities		
Decrease (Increase) in:		
Right of Use Asset	7,263,795	-
Investment in Finance Lease	8,426,479	-
Lease Liability	(10,511,280)	
Investments in and advances to associates - net	9,487,675	36,515,779
Financial assets at fair value through other comprehensive income (FVOCI)	761,471	(415,588)
Investment Property	(45,218,319)	(67,501,767)
Net additions to property and equipment	(1,420,657)	(8,894,857)
Net cash provided by (used in) investing activities	(31,210,836)	(40,296,433)
Cash Flows from Financing Activities		
Availment of loans payable	630,807,156	1,238,678,545
Payment of Bank Loans and notes payable	(705,129,963)	(686,067,417)
Net cash provided by (used in) financing activities	(74,322,807)	552,611,128
Net decrease in Cash and Cash Equivalents	(35,183,782)	86,642,640
Cash and Cash Equivalents, Beginning	218,430,583	78,462,791
Cash and Cash Equivalents, End	183,246,800	165,105,431

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

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC	41,713,703	50,849,775	1,281,988	4,725,537	98,571,003
PPMI	2,156,328	1,485,607	73,214	6,682,078	10,397,227
TIBI	7,396,045	-	-	-	7,396,045
GRAND TOTAL	51,266,076	52,335,382	1,355,202	11,407,615	116,364,274

Accounts Receivable - Trade	116,364,274
Accounts Receivable - Others	92,721,204
Total	209,085,478

FINANCIAL INFORMATION

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

Philippine Realty and Holdings Corporation (interchangeably referred to by its PSE trading symbol “RLT” or “**Parent Company**” or as the “**RLT Group**” or “**Group**”) managed to maintain healthy liquidity and a conservative solvency position at the end of the third quarter of 2020 in spite of a significant decrease in consolidated net income compared to the same period last year.

The financial performance of the RLT Group practically mirrored the economic performance of the Philippines in 2020. The Philippine economy recorded a (0.7%) GDP growth in the first quarter, (16.9%) in the second quarter and (11.5%) in the third quarter.

Like most businesses, the RLT Group was negatively impacted by negative developments that affected the Philippine economy in the third quarter.

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**.

Third, the crippling **enhanced community quarantine (“ECQ”)**, arguably the longest and strictest lockdowns ever implemented by a government, 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.

And fourth, the National Capital Region (“**NCR**”) and neighboring provinces reverted to modified enhanced community quarantine (**MECQ**) status for two weeks in August 2020 to respond to the increase in COVID-19 cases and to help prepare the hospitals’ critical care units. Thus, causing business disruption once again.

COVID-19 halted and reversed the country’s strong growth and development prospects. 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.

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

- 1. Consolidated net income after tax.** The RLT Group posted a net loss after tax of ₱104.4 Million for the nine (9) months ended 30 September 2020 compared to ₱75.8 Million net income after tax for the same period last year, or a decrease in the Company’s consolidated net income after tax of ₱180.3 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 Management Fees.

a. Income

- 1) Sales of real estate.** Sales of real estate declined by ₱618 Million or by 73% for the first nine (9) 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 the Skyline and SkyVillas Towers located in Quezon City, and at the Icon Plaza located in Bonifacio Global City (“BGC”).

- 2) **Rent.** Rental income decreased by ₱13.2 Million or by 19.5% due to the Parent Company’s compliance with the new accounting standard on Leases (PFRS 16).
- 3) **Management fees.** Management fees was higher by 2.6% 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 nine months ended 30 September 2020 compared to the nine months ended 30 September 2019, the Cost of Service and Units Sold decreased by ₱330.0 Million or a decline of 63.18%.

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 ₱106.1 Million or by 33.04% 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.** Interest expense of ₱16.4 million increased from ₱8.1 million last year, or an increase by 101.3%.

The Parent Company’s Loan and Notes Payable recorded at ₱1.081 Billion as of 30 September 2020 went down by ₱132.5 Million compared to the Total Loans and Notes Payable of ₱1.213 Billion reflected as of 30 September 2019. In spite of this, the Parent Company recorded higher finance cost for the period ending September 2020 compared to the same period last year because the capitalization of some of the Company’s finance cost associated with some of the Company’s qualifying assets already ceased due to the completion of construction of the said qualifying assets.

c. Subsidiaries.

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

- 1) **PRHC Property Managers, Inc. (“PPMI”).** The RLT Group’s property management subsidiary, PPMI, registered a Net income of ₱2.9 Million for the nine months ended 30 September 2020.

It is higher by ₱2.42 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 ₱0.26 Million for the for nine months ended 30

September 2020 which is lower by ₱0.59 Million compared to the ₱0.85 Million net income registered for the same period last year.

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

- 1. Total assets.** The RLT Group's Total assets stood at ₱6.0 Billion as of 30 September 2020, lower by ₱189.3 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 56.3% of the Total Assets of the Group as of 30 September 2020.

Real Estate Inventories decreased by ₱48.9 Million from 31 December 2019 to 30 September 2020, or by 4.2%, due to the Parent Company's sales of its condominium units in Skyline Tower and SkyVillas Tower.

Net Trade and Other Receivables decreased by ₱142 Million or a 40.5% decline from 31 December 2019 to 30 September 2020 because of the Parent Company's successful collection efforts of its receivables from its buyers and lessees.

Investment Properties increased by ₱45.2 Million or from ₱2.22 Billion in 2019 to ₱2.27 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 at 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 September 2020 decreased by ₱84 Million compared to 31 December 2019 largely driven by a reduction in Loans and Notes Payable that have been consistently decreasing.

Total Loans and Notes Payable recorded at ₱1.081 Billion as of 30 September 2020 went down by ₱74.3 Million compared to the Total Loans and Notes Payable reflected at ₱1.155 Billion as of 31 December 2019. Compared to Total Loans and Notes Payable outstanding as of 30 September 2019 in the amount of ₱1.213 Billion, Total Loans and Notes Payable as of 30 September 2020 at ₱1.081 Billion was lower by ₱132.5 Million.

- 3. Total Equity.** Total Equity decreased by ₱105 Million from ₱3.934 Billion as of 31 December 2019 to ₱3.829 Billion as of 30 September 2020 due to the decrease in Retained Earnings and Reserves.

Retained Earnings decreased by ₱104.4 Million due to the Net Loss incurred by the Parent Company for the period ending 30 September 2020.

III. Performance Indicators

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

Performance Indicators	30 September 2020 Unaudited	31 December 2019 Audited
Current ratio ¹	3.01:1	2.91:1
Debt-to-equity ratio ²	0.57:1	0.57:1
Asset-to-equity ratio ³	1.57:1	1.57:1
Book value per share ⁴	₱0.82	₱0.84
Earnings (loss) per share ⁵	(₱0.03)	₱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 Company's Current ratio, already very satisfactory as of end-December 2019 at 2.91: even reflected an improvement to 3.01:1 as of 30 September 2020.
- 2. Debt-to-equity ratio.** Similarly, the RLT Group's Debt-to-Equity Ratio has remained very conservative for the periods under review as the Group's leverage position remained unchanged and steady at 0.57:1.

As of end-September 2020, the Group reflected lower total Loans Payable compared to end-December 2019 largely due to the amortization payments made by the Parent Company on its Term Loans.

- 3. Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also remained basically unchanged at 1.57:1.

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 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 although it showed slight decrease from ₱0.84 per share as of December 2019 to ₱0.82 per share as of 30 September 2020.

There was no issuance, repurchase or payment of equity securities or dividends during the year 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.

6. **Risks Related to COVID-19.** Currently, many countries, including the Philippines, are suffering from the COVID-19 global pandemic. We consider this to be a key risk element as this has adversely affected our business in 2020 with possible spillover effects to 2021. The RLT Group has keenly monitored the situation as COVID-19 has been identified as a genuine risk and game changer. With the escalation of the COVID-19 pandemic, the RLT Group has activated its business continuity plan ("BCP") to mitigate the risk impact to operations and its personnel. The Group subscribes to, adheres to and follows national and local government directives and guidelines as well as the best practices being promoted by the Department of Health ("DOH"), the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("IATF"), Department of Trade and Industry ("DTI"), Department of Public Works and Highways ("DPWH"),

Department of Labor and Employment (“**DOLE**”), local government units (“**LGUs**”) where the Group operates in, etc.

Experienced gained from this pandemic will be used to improve the Group’s BCP moving forward.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
FINANCIAL SOUNDNESS INDICATORS

Exhibit II

			2020		2019
Net Profit Margin:					
<i>Shows how much profit is made for every peso of revenue</i>	Net Income(Loss)/ Total Revenues	<u>(104,439,863)</u> 322,491,745	-32.39%	<u>75,816,849</u> 952,002,158	7.96%
Asset Turnover:					
<i>Shows efficiency of asset used in operations</i>	Total Revenues/ Ave. Total Assets	<u>322,491,745</u> 6,098,244,352	0.05	<u>952,002,158</u> 5,202,085,862	0.18
Interest Rate Coverage Ratio:					
<i>Determine how easily a company can pay interest on outstanding debt</i>	EBITDA/ Interest Expense	<u>(73,238,193.44)</u> 16,384,620.89	-4.47	<u>127,354,351</u> 8,140,553.07	15.64

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

Exhibit III

	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Travel Services	Other Income	Elimination	Consolidated
Revenue	283,289,015	33,933,269	3,684,304	-	1,889,967.12		322,796,555
Segment Result	(88,862,262)	3,794,690	303,573	(22,462)	371,419	-	(84,415,043)
Interest expense/Bank charges	(16,384,621)						(16,384,621)
Interest income	2,133,057	2,030	2,436	120			2,137,643
Dividend income							-
Gain on sale of PPE							-
Equity in net loss of associate						(2,442,453)	(2,442,453)
Income taxes	(1,999,324)	(1,224,823)	(111,243)				(3,335,390)
Income before minority interest	(105,113,150)	2,571,897	194,766	(22,342)	371,419	(2,442,453)	(104,439,863)
Minority interest							
Net Income	(105,113,150)	2,571,897	194,766	(22,342)	371,419	(2,442,453)	(104,439,863)
Other Information							
Segment assets	5,737,969,417	80,501,146	31,251,659	1,161,281	2,913,827	83,148,919	5,936,946,249
Investment at equity method	120,349,523					(53,680,245)	66,669,279
Unallocated corporate assets	-	6,697,449	-	-	-	(6,697,449)	0
Consolidated Total Assets	5,858,318,940	87,198,595	31,251,659	1,161,281	2,913,827	22,771,225	6,003,615,527
Segment liabilities	1,593,721,693	37,576,072	17,419,745	29,902,435	76,327,892	(11,865,472)	1,743,082,365
Unallocated corporate liabilities	435,662,941	-	2,084,278	-	-	(6,697,449)	431,049,770
Consolidated Total Liabilities	2,029,384,634	37,576,072	19,504,023	29,902,435	76,327,892	(18,562,921)	2,174,132,135
Capital expenditure	-	-		-			-
Depreciation	10,530,950	668,971	281,739	-			11,481,659
Non-cash expenses other than depreciation							-