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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
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Contact Person

8631-3179
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Company Telephone

Number

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Month

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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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Secondary License Type, If Applicable

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Dept. Requiring this Doc.  
Number/Section

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Amended Articles

Total Amount of Borrowings

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Total No. of Stockholders  
Foreign

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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 30 June 2021

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) 8631-3179

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

9,100,102,685 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 30 June 2021 and 2020, 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 31 December 2020.

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 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 30 June 2021 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

11 August 2021



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

11 August 2021

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

	Unaudited June 30 2021	Audited December 31 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	150,583,565	207,245,299
Financial assets at fair value through profit or loss (FVPL)	6,750,000	6,750,000
Trade and other receivables-current portion	938,799,598	1,073,360,534
Real estate inventories	3,006,702,046	801,055,720
Prepayments and other assets-net	481,995,053	408,738,974
<b>Total Current Assets</b>	<b>4,584,830,262</b>	<b>2,497,150,527</b>
<b>Non-current Assets</b>		
Financial assets at fair value through other comprehensive income (FVOCI)	41,937,018	41,010,520
Trade and other receivables-non current portion	179,880,445	179,618,624
Investments in and advances to associates-net	71,371,951	64,155,487
Investment properties-net	2,905,344,338	2,912,479,607
Property and equipment - net	73,147,716	81,045,297
Right of Use Asset	93,324,596	98,167,126
Investment in Finance Lease	224,414,230	230,261,995
Other non-current assets	53,386	53,386
<b>Total Non-current Assets</b>	<b>3,589,473,679</b>	<b>3,606,792,042</b>
	<b>8,174,303,941</b>	<b>6,103,942,569</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables-current portion	188,292,247	128,580,812
Unearned income	-	1,361,382
Loans and Notes payable - current portion	154,467,685	340,339,916
Lease Liability-current	7,132,314	14,459,726
<b>Total Current Liabilities</b>	<b>349,892,246</b>	<b>484,741,836</b>
<b>Non-current Liabilities</b>		
Trade and other payables-net of current portion	157,248,500	148,000,694
Loans and notes payable-net of current portion	692,985,762	692,985,762
Retirement benefit obligation	76,009,727	73,420,911
Deferred tax liabilities-net	507,506,992	504,925,466
Lease Liability-noncurrent	187,879,730	187,879,730
Other non-current liabilities	38,562,418	39,467,676
<b>Total Non-current Liabilities</b>	<b>1,660,193,128</b>	<b>1,646,680,239</b>
	<b>2,010,085,374</b>	<b>2,131,422,075</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	4,433,115,134	2,344,226,245
Additional paid-in capital	724,125,428	557,014,317
Reserves	45,190,079	44,304,162
Retained earnings	1,089,888,673	1,155,073,841
Treasury stock	(110,049,633)	(110,049,633)
	<b>6,182,269,680</b>	<b>3,990,568,932</b>
Equity Attributable to Non-Controlling Interest	(18,051,114)	(18,048,438)
	<b>6,164,218,566</b>	<b>3,972,520,494</b>
	<b>8,174,303,941</b>	<b>6,103,942,569</b>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>INCOME</b>		
Sales of real estate	128,949,852	200,002,415
Rent	31,756,017	44,183,953
Management fees	19,411,905	23,689,957
Interest	1,308,429	982,899
Commission	2,725,735	2,319,715
Other income	3,615,788	1,075,637
	<b>187,767,726</b>	<b>272,254,576</b>
<b>COSTS AND EXPENSES</b>		
Cost of real estate sold	95,894,987	136,973,530
Cost of services	18,389,024	10,423,042
General and administrative expenses	124,588,238	126,569,395
Finance cost	11,506,354	16,818,383
Equity in net loss of associate	1,850,282	895,303
	<b>252,228,885</b>	<b>291,679,652</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(64,461,159)</b>	<b>(19,425,076)</b>
<b>INCOME TAX EXPENSE</b>	<b>726,698</b>	<b>3,216,902</b>
<b>NET LOSS</b>	<b>(65,187,857)</b>	<b>(22,641,978)</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	(65,185,181)	(22,637,851)
Non-controlling interest	(2,676)	(4,127)
	<b>(65,187,857)</b>	<b>(22,641,978)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS):</b>		
Unrealized holding gain (loss) on AFS investments	1,188,318	(2,163,751)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(63,999,539)</b>	<b>(24,805,729)</b>
<b>Loss per share</b>		
Basic	(0.012708)	(0.004641)
Diluted	(0.012708)	(0.004641)
<b>Number of shares outstanding</b>		
Basic (net of treasury stock 82,049,497)	5,129,266,317	4,877,907,002
Diluted (net of treasury stock 82,049,497)	5,129,266,317	4,877,907,002

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

	For the Second Quarter Ended June 30	
	2021	2020
<b>INCOME</b>		
Sales of real estate	74,027,141	51,893,303
Rent	15,444,066	14,073,130
Management fees	9,630,915	11,608,674
Interest	885,879	221,052
Commission	954,082	583,091
Other income	327,904	478,546
	<b>101,269,986</b>	<b>78,857,796</b>
<b>COSTS AND EXPENSES</b>		
Cost of real estate sold	60,582,503	39,514,084
Cost of services	2,979,277	5,640,122
General and administrative expenses	57,640,140	60,022,830
Finance cost	4,691,181	9,018,518
Equity in net loss of associate	750,776	263,814
	<b>126,643,876</b>	<b>114,459,368</b>
<b>LOSS BEFORE INCOME TAX</b>	<b>(25,373,890)</b>	<b>(35,601,572)</b>
<b>INCOME TAX EXPENSE</b>	<b>178,053</b>	<b>(1,738,558)</b>
<b>NET LOSS</b>	<b>(25,551,943)</b>	<b>(33,863,014)</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	(25,551,943)	(33,863,014)
Minority interest	-	-
	<b>(25,551,943)</b>	<b>(33,863,014)</b>
<b>OTHER COMPREHENSIVE LOSS:</b>		
Unrealized holding loss on AFS investments	2,780,965	(2,163,751)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(22,770,978)</b>	<b>(36,026,765)</b>
<b>Loss per share</b>		
Basic	(0.004982)	(0.006942)
Diluted	(0.004982)	(0.006942)
<b>Number of shares outstanding</b>		
Basic (net of treasury stock 82,049,497)	5,129,266,317	4,877,907,002
Diluted (net of treasury stock 82,049,497)	5,129,266,317	4,877,907,002

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

	For the Six Months Ended June 30	
	2021	2020
<b>Capital Stock</b>		
Authorized 16,000,000,000 common shares		
Issued and outstanding 7,866,647,523 shares in 2021; 3,688,869,745 shares in 2020		
Capital stock	3,933,323,762	1,844,434,873
Subscribed capital stock 1,314,711,262 shares in 2021; 1,314,711,262 shares in 2020	657,355,631	657,355,631
Less: Subscription receivable	157,564,259	157,564,259
	499,791,372	499,791,372
Additional paid-in capital	724,125,428	557,014,317
Capital stock	5,157,240,562	2,901,240,562
<b>Reserves</b>		
Appropriated retained earnings for Treasury stock acquisition	109,712,439	109,712,439
Revaluation on FVOCI		
Balance, beginning	(20,596,912)	(25,988,876)
Unrealized holding loss on financial assets at FVOCI	1,188,330	(2,163,751)
Balance, end	(19,408,582)	(28,152,627)
Accumulated Remeasurement Losses	(24,338,915)	(25,363,833)
Reserve for fluctuation in market value of stocks	(20,774,851)	(12,385,188)
	45,190,092	43,810,793
<b>Retained earnings</b>		
Balance, beginning	1,155,073,841	1,113,176,533
Net loss	(65,187,857)	(22,641,977)
Balance, end	1,089,885,984	1,090,534,556
	6,292,316,638	4,035,585,911
<b>Treasury Stock</b>	(110,049,633)	(110,049,633)
	6,182,267,005	3,925,536,278
<b>Minority Interest</b>		
Balance, beginning	(18,048,438)	(15,994,472)
Share in net income	-	-
	(18,048,438)	(15,994,472)
	P6,164,218,566	P3,909,541,805

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from Operating Activities</b>		
Net Loss	(65,185,181)	(22,637,851)
Adjustments for:		
Financial assets at fair value through other comprehensive income (FVOCI)	1,212,120	(2,500,945)
Decrease in minority interest	(2,676)	(4,126)
Depreciation and amortization	5,906,249	7,716,726
Gain (loss) from operations before working capital changes	(58,069,501)	(17,426,195)
Decrease (Increase) in:		
Real estate inventories	(2,205,646,326)	79,058,459
Trade and other receivables - net	134,299,115	(98,720,334)
Prepayments and other current assets	(73,582,268)	14,307,430
Increase (Decrease) in:		
Trade and other payables	68,959,241	224,715,251
Deferred Income	(905,258)	(5,144,994)
Deferred Tax Liability	2,581,526	2,084,278
Retirement Benefit Obligation	2,588,816	(3,365,117)
Unearned Income	(1,361,382)	49,742
Net cash provided by (used in) operating activities	(2,131,136,026)	195,558,520
<b>Cash Flows from Investing Activities</b>		
Decrease (Increase) in:		
Right of Use Asset	4,842,530	4,842,530
Investment in Finance Lease	5,847,766	5,585,352
Lease Liability	(7,327,412)	(6,967,228)
Investments in and advances to associates - net	(7,216,464)	895,303
Financial assets at fair value through other comprehensive income (FVOCI)	(926,498)	2,500,944
Investment Property	7,135,269	(24,238,500)
Net additions to property and equipment	1,991,331	(860,794)
Net cash provided by (used in) investing activities	4,346,523	(18,242,393)
<b>Cash Flows from Financing Activities</b>		
Availment of loans payable	250,000,000	450,807,156
Payment of Bank Loans	(435,872,231)	(502,755,049)
Issuance of Capital Stock	2,256,000,000	
Net cash provided by (used in) financing activities	2,070,127,769	(51,947,893)
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	(56,661,734)	125,368,234
<b>Cash and Cash Equivalents, Beginning</b>	<b>207,245,299</b>	<b>218,430,583</b>
<b>Cash and Cash Equivalents, End</b>	<b>150,583,566</b>	<b>343,798,816</b>



**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AGING OF ACCOUNTS RECEIVABLE-TRADE**  
**AS OF JUNE 30, 2021**

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
Philippine Realty and Holdings Corporation	14,758,900	28,350,768	314,975	593,946,918	637,371,561
PRHC Property Managers Inc	1,229,477	1,087,907	528,804	5,086,392	7,932,581
Tektite Insurance Brokers Inc	7,965,496				7,965,496
GRAND TOTAL	23,953,874	29,438,675	843,779	599,033,310	653,269,638

Accounts Receivable - Trade	653,269,638
Accounts Receivable - Others	285,529,960
Total	938,799,598

## FINANCIAL INFORMATION

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

In the first half of 2021, Philippine Realty and Holdings Corporation (interchangeably referred to by its PSE trading symbol “**RLT**” or “**Parent Company**” or as the “**RLT Group**” or “**Group**”) enhanced and strengthened significantly its solvency and maintained a healthy and conservative liquidity position in response to, and to mitigate, its having incurred a consolidated net loss of ₱65.2 Million.

On 22 June 2021, the Parent Company issued 4,177,777,778 new common shares from the increase in its authorized capital stock (“**ACS**”) in favor of Greenhills Properties Inc. (“**GPI**”) in exchange for GPI’s infusion in favor of the Parent Company of two (2) very prime vacant lots located in Bonifacio Global City (“**BGC**”) as equity.

The BGC properties are more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m. located at the corner of 6th Avenue and 24th Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m. located at 6th Avenue corner 25th Street.

With the completion of the property-for-shares swap transaction, the increase in the Capital Stock of RLT (Issued Shares and Outstanding Shares) as well as the corresponding increase in the Parent Company’s Real Estate Inventories have been reflected in RLT’s first half financial records.

With the issuance of new shares in its favor, GPI now owns 5,933,556,844 shares in RLT, bringing its percentage ownership to 65.20% from 35.67%. This is a very clear manifestation of GPI’s continuing support of the Parent Company and faith in the future of the RLT Group.

Like most businesses, the RLT Group was negatively impacted by the continuing intermittent disruptions to business caused by the COVID-19 pandemic that also adversely affected the Philippine economy in the first quarter of 2021 when the first quarter economic growth was recorded at -3.9% (revised upward from the earlier reported -4.2%).

The Philippine economy grew 11.8% year-on-year in the second quarter, the country's statistics agency reported on 10 August 2021, marking the end of a pandemic-induced recession that spanned 15 months.

Industry and services registered positive growths of 20.8 percent and 9.6 percent, respectively, while Agriculture, forestry, and fishing posted a contraction of -0.1 percent in the second quarter of 2021.

The 2021 first half performance of the Philippine economy came about in spite of the renewed lockdowns starting April until May that caused consumer spending, business sentiment and overall economic activities to remain subdued. Due to the emergence of four (4) COVID variants in the country, the National Capital Region (“**NCR**”) and four surrounding provinces namely Bulacan, Cavite, Laguna, and Rizal were placed under a more restrictive General Community Quarantine (“**GCQ**”), the NCR Plus Bubble. And on 29 March 2021, the most restrictive form of lockdown, the Enhanced Community Quarantine (“**ECQ**”), was enforced which lasted until 11 April 2021. The NCR Plus was placed under Modified Enhanced Community Quarantine (“**MECQ**”) from 12 April until 14 May, and from 15 May until 14 June the NCR was transitioned to GCQ with heightened restrictions. This was further eased to GCQ with some restrictions from June 14 until July 15.

But the ongoing lockdown in the country's national capital region aimed at fighting the spread of the delta variant, which has pushed up daily COVID-19 infection numbers, could complicate the economic outlook for the second half of year.

The slow and uncoordinated implementation by the government of its vaccination program added to the renewed rise in active COVID-19 cases that is stretching the ability of the country's healthcare system once more to address another round of increases in COVID-19 infections.

**I. Review of Consolidated Statement of Income for the Period Ending 30 June 2021 vs. 30 June 2020**

- 1. Consolidated net income after tax.** The RLT Group posted a net loss after tax of ₱65.2 Million for the six (6) months ended 30 June 2021 compared to ₱22.6 Million net loss after tax for the same period last year.

The decline in the RLT Group's profitability is largely attributable to the decrease in the number of units sold by the Parent Company compared to the year before.

**a. Income**

- 1) Sales of real estate.** Sales of real estate at ₱129 Million declined by ₱71 Million or by 36% for the first six (6) months of 2021 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**").

- 2) Rent.** Rental income decreased by ₱12.4 Million or by 28% due to termination of some lease contracts and because of the effect of the RLT Group's adoption of new accounting standards on Leases.
- 3) Management fees.** Management fees was lower by 18% due to the non-renewal of a management contract between PPML and one of its clients.
- 4) Commission.** The Commission income increased by ₱0.4 Million or 18% due to higher insurance premium billings.
- 5) Other Income.** Other income is higher in 2021 by ₱2.5 Million due to penalties collected from installment buyers.

**b. Costs and Expenses**

- 1) Cost of real estate sold.** For the six months ended 30 June 2021 compared to the six months ended 30 June 2020, the Cost of Real Estate Sold decreased by ₱41 Million or a decline of 30%.

The decrease is mainly attributable to the proportionate decrease in Real Estate Units Sold during the period.

- 2) General and administrative expenses.** General and administrative expenses decreased by ₱1.98 Million or by 1.57%. This is attributable to lower Commission and Selling Expenses due to lower level of Real Estate Sales in 2021.
- 3) Finance cost.** The reduction in interest expenses to ₱11.5 Million this year from ₱16.8 Million last year, or a decrease by 31.6%, was due to the

continuing payments by the Parent Company of the loans that it obtained to finance the acquisition of Investment Properties.

**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 company, PPMI, registered a Net income of ₱0.003 Million for the six months ended 30 June 2021.

It is lower by ₱2.80 Million compared to the Net income that the company registered for the same period last year.

- 2) Tektite Insurance Brokers, Inc. ("TIBI").** The RLT Group's insurance brokerage firm posted a net income of ₱0.30 Million for the for six months ended 30 June 2021 which is higher by ₱0.11 Million compared to the ₱0.18 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 2021 vs. 31 December 2020

1. **Total assets.** The RLT Group's Total assets stood at ₱8.17 Billion as of 30 June 2021, higher by ₱2 Billion or 34% higher compared to the ₱6.10 Billion Total Assets reported by the Group as of 31 December 2020. The RLT Group's Real Estate Assets accounted for 72% of the Total Assets of the Group as of 30 June 2021.

Real Estate Inventories increased by ₱2.2 Billion from 31 December 2020 to 30 June 2021, or by 275%, due to the two (2) very prime lots located in the Bonifacio South District of the BGC acquired by RLT from GPI in exchange for RLT shares of stocks.

The decrease in Net Trade and Other Receivables by ₱132 Million or a 12.19% decline from 31 December 2020 to 30 June 2021 is explained by the collections of installments receivables from the Parent Company's residential condominium buyers.

Investment Properties decreased by ₱7.1 Million or from ₱2.912 Billion in 2020 to ₱2.905 Billion in 2021 due to the sale of parking slots at The Icon Plaza by the Parent Company.

The decrease in Property and Equipment from ₱81 million to ₱73 million or by 9.74% is due to depreciation.

2. **Total liabilities.** Total liabilities as of 30 June 2021 decreased by ₱121 Million compared to 31 December 2020. The decrease is principally accounted for by the ₱185.8 Million decrease in Loans and Notes Payable as of June 2021 compared to 31 December 2020.
3. **Total Equity.** Total Equity as of 30 June 2021 increased by ₱2.2 Billion compared to 31 December 2020. The increase was due to the completion of the property-for-share swap transaction by and between RLT and GPI. RLT received two properties from GPI and in exchange RLT issued 4,177,777,778 new common shares in favor of GPI.

Retained earnings decreased by ₱65.2 Million as a result of the Net Loss recorded by the RLT Group for the period ending 30 June 2021.

## III. Performance Indicators

The table below presents the comparative performance indicators of the RLT Group as of 30 June 2021 compared to 31 December 2020.

Performance Indicators	30 June 2021 Unaudited	31 December 2020 Audited
Current ratio <sup>1</sup>	13.10:1	5.15:1
Debt-to-equity ratio <sup>2</sup>	0.33:1	0.53:1
Asset-to-equity ratio <sup>3</sup>	1.33:1	1.53:1
Book value per share <sup>4</sup>	₱1.30	₱0.85
Earnings per share <sup>5</sup>	(₱0.03)	₱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 conservative stance of Management in terms of the Group's liquidity and solvency positions.

1. **Current ratio.** The Group's Current ratio still managed to improve substantially to 13.10:1 as of 30 June 2021 compared to the already very conservative 5.15:1 as of 31 December 2020 reflecting the RLT Group's very favorable liquidity position.
2. **Debt-to-equity ratio.** Similarly, the RLT Group's Debt-to-Equity Ratio which was at an already very conservative 0.53:1 as of 31 December 2020 still improved considerably to 0.33:1 as of 30 June 2021 due to the increase in the Parent Company's capital stock.

Furthermore, as of end-June 2021, the Group reflected lower total Loans Payable compared to end-December 2020 due to the continuing payments being made by the Parent Company on its outstanding loans.

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

3. **Asset-to-equity ratio.** The Asset-to-equity ratio of the Group reflected at 1.53:1 as of 31 December 2020 also improved to 1.33:1 as of 30 June 2021.
4. **Book value per share.** The performance of the Company's Book Value per share has also been very encouraging. It was at ₱0.85 per share as of December 2020 and at ₱1.30 per share as of 30 June 2021.

There was no repurchase of Common shares or dividends declaration during the 1<sup>st</sup> half of 2021.

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 a surge of the COVID-19 global pandemic. We consider this to be a key risk element as this has adversely affected our Company's business in 2020 with 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 continuing 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.



Part of risk mitigation being employed by the RLT Group is to arrange directly with LGUs (particularly in Quezon City and Taguig City) for the vaccination of its employees and their dependents as well as to enter into a vaccine supply arrangement with a reputable provider-supplier (Unilab Inc.) of a vaccine (Novovax) for the Group's employees and their dependents who may not be accommodated by their respective LGUs.

Experiences gained from this pandemic are being applied to further improve the Group's handling of the continuing threats being posed by the COVID-19 virus and its variants moving forward.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**FINANCIAL SOUNDNESS INDICATORS**

**Exhibit II**

			2021		2020
<b>Net Profit Margin:</b>					
<i>Shows how much profit is made for every peso of revenue</i>	Net Income(Loss)/ Total Revenues	<u>(65,187,857)</u> <b>182,843,509</b>	-35.65%	<u>(22,641,978)</u> 270,196,041	-8.38%
<b>Asset Turnover:</b>					
<i>Shows efficiency of asset used in operations</i>	Total Revenues/ Ave. Total Assets	<u>182,843,509</u> <b>7,139,123,255</b>	0.03	<u>270,196,041</u> 6,260,182,332	0.04
<b>Interest Rate Coverage Ratio:</b>					
<i>Determine how easily a company can pay interest on outstanding debt</i>	EBITDA/ Interest Expense	<u>(47,048,555.49)</u> <b>11,506,353.88</b>	-4.09	<u>5,110,034</u> 16,818,383.23	0.30

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
BUSINESS SEGMENTS  
AS OF JUNE 30, 2021

Exhibit III

	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Travel Services	Other Income	Elimination	Consolidated
Revenue	160,587,069	19,487,505	2,725,735	-	3,658,987.95		186,459,297
Segment Result	(56,020,754)	(365,730)	387,674	(14,489)	3,600,347	-	(52,412,952)
Interest expense/Bank charges	(11,506,354)						(11,506,354)
Interest income	1,305,466	1,393	1,570	-			1,308,429
Dividend income							-
Gain on sale of PPE							-
Equity in net loss of associate						(1,850,282)	(1,850,282)
Income taxes	(596,189)	(775)	(129,733)				(726,698)
Income before minority interest	(66,817,831)	(365,112)	259,511	(14,489)	3,600,347	(1,850,282)	(65,187,857)
Minority interest							
Net Income (loss)	(66,817,831)	(365,112)	259,511	(14,489)	3,600,347	(1,850,282)	(65,187,857)
Other Information							
Segment assets	7,916,259,871	85,838,408	25,535,419	1,223,454	2,552,842	84,413,021	8,115,823,015
Investment at equity method	121,294,930					(68,643,095)	52,651,835
Unallocated corporate assets	-	5,829,091	-	-	-	-	5,829,091
Consolidated Total Assets	8,037,554,801	91,667,499	25,535,419	1,223,454	2,552,842	15,769,927	8,174,303,941
Segment liabilities	1,357,887,371	34,457,893	12,930,856	30,021,822	78,802,407	(11,562,034)	1,502,538,316
Unallocated corporate liabilities	505,561,721	-	1,985,337	-	-	-	507,547,058
Consolidated Total Liabilities	1,863,449,093	34,457,893	14,916,193	30,021,822	78,802,407	(11,562,034)	2,010,085,374
Capital expenditure	-	-		-			-
Depreciation	5,253,318	434,826	218,106	-			5,906,249
Non-cash expenses other than depreciation							-