

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Mr. Mark Anthony M. Ramos

Contact Person

8631-3179

Company Telephone

Number

0	9
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Month

3	0
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Day

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FORM TYPE

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Month

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Annual Meeting

N/A

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 September 30, 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 September 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 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 30 September 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

12 November 2021



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

12 November 2021

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

	Unaudited September 30 2021	Audited December 31 2020
ASSETS		
Current Assets		
Cash and cash equivalents	122,718,818	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	784,381,323	1,073,360,534
Real estate inventories	3,009,362,131	801,055,720
Prepayments and other assets-net	489,705,658	408,738,974
Total Current Assets	4,412,917,930	2,497,150,527
Non-current Assets		
Financial assets at fair value through other comprehensive income (FVOCI)	40,760,497	41,010,520
Trade and other receivables-non current portion	179,880,445	179,618,624
Investments in and advances to associates-net	70,417,073	64,155,487
Investment properties-net	2,906,239,973	2,912,479,607
Property and equipment - net	69,810,101	81,045,297
Right of Use Asset	90,903,331	98,167,126
Investment in Finance Lease	221,347,220	230,261,995
Other non-current assets	53,386	53,386
Total Non-current Assets	3,579,412,026	3,606,792,042
	7,992,329,956	6,103,942,569
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Trade and other payables-current portion	170,487,566	128,580,812
Unearned income	-	1,361,382
Loans and Notes payable - current portion	28,283,901	340,339,916
Lease Liability-current	3,403,968	14,459,726
Total Current Liabilities	202,175,435	484,741,836
Non-current Liabilities		
Trade and other payables-net of current portion	156,469,255	148,000,694
Loans and notes payable-net of current portion	692,985,762	692,985,762
Retirement benefit obligation	79,744,465	73,420,911
Deferred tax liabilities-net	505,806,467	504,925,466
Lease Liability-noncurrent	187,879,730	187,879,730
Other non-current liabilities	39,656,126	39,467,676
Total Non-current Liabilities	1,662,541,806	1,646,680,239
	1,864,717,240	2,131,422,075
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	4,433,189,171	2,344,226,245
Additional paid-in capital	724,125,428	557,014,317
Reserves	44,013,558	44,304,162
Retained earnings	1,054,385,352	1,155,073,841
Treasury stock	(110,049,633)	(110,049,633)
	6,145,663,876	3,990,568,932
Equity Attributable to Non-Controlling Interest	(18,051,161)	(18,048,438)
	6,127,612,715	3,972,520,494
	7,992,329,956	6,103,942,569

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

	For the Nine Months Ended September 30	
	2021	2020
INCOME		
Sales of real estate	175,745,663	229,009,223
Rent	41,193,776	54,445,392
Management fees	28,128,760	33,832,469
Interest income	2,504,321	2,137,643
Commission income	3,619,829	3,684,304
Other income	5,021,380	1,825,167
	256,213,728	324,934,198
COSTS AND EXPENSES		
Cost of real estate sold	101,815,376	141,693,259
Cost of services	46,089,937	50,581,018
General and administrative	189,850,451	214,937,321
Finance cost	15,865,990	16,384,621
Equity in net earnings (loss) of associate	2,268,436	2,442,453
	355,890,189	426,038,672
LOSS BEFORE INCOME TAX	(99,676,461)	(101,104,474)
INCOME TAX EXPENSE	1,014,764	3,335,390
NET LOSS	(100,691,224)	(104,439,863)
ATTRIBUTABLE TO:		
Equity holders of the parent	(100,688,501)	(104,435,737)
Non-controlling interest	(2,723)	(4,127)
	(100,691,224)	(104,439,863)
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized holding gain (loss) on financial assets at FVOCI	11,797	(761,471)
TOTAL COMPREHENSIVE LOSS	(100,679,427)	(105,201,334)
LOSS PER SHARE		
Basic	(0.015569)	(0.021410)
Diluted	(0.015569)	(0.021410)
Number of shares outstanding		
Basic (net of treasury stock 125,644,005)	6,467,156,256	4,877,907,002
Diluted (net of treasury stock 125,644,005)	6,467,156,256	4,877,907,002

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

	For the Third Quarter Ended September 30	
	2021	2020
INCOME		
Sales of real estate	46,795,811	29,006,808
Rent	9,437,759	10,261,439
Management fees	8,716,855	10,142,511
Interest income	1,195,892	1,154,745
Commission	894,094	1,364,588
Other income	1,405,592	749,530
	68,446,002	52,679,621
COSTS AND EXPENSES		
Cost of service and real estate sold	19,236,276	19,789,034
Cost of services	14,385,025	25,088,671
General and administrative	65,262,213	88,367,926
Finance cost	4,359,636	(433,762)
Equity in net earnings (loss) of associate	418,154	1,547,149
	103,661,304	134,359,018
LOSS BEFORE INCOME TAX	(35,215,302)	(81,679,397)
INCOME TAX EXPENSE	288,066	118,488
NET LOSS	(35,503,367)	(81,797,886)
ATTRIBUTABLE TO:		
Equity holders of the parent	(35,503,321)	(81,797,886)
Non-controlling interest	(47)	-
	(35,503,367)	(81,797,886)
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized holding gain (loss) on financial assets at FVOCI	(1,176,521)	1,402,279
TOTAL COMPREHENSIVE LOSS	(36,679,888)	(80,395,607)
LOSS PER SHARE		
Basic	(0.005490)	(0.016769)
Diluted	(0.005490)	(0.016769)
Number of shares outstanding		
Basic (net of treasury stock 125,644,005)	6,467,156,256	4,877,907,002
Diluted (net of treasury stock 125,644,005)	6,467,156,256	4,877,907,002

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

	For the Nine Months Ended September 30	
	2021	2020
Capital Stock		
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	157,490,221	157,564,259
	499,865,409	499,791,372
Additional paid-in capital	724,125,428	557,014,317
Capital stock	5,157,314,599	2,901,240,562
Reserves		
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	11,797	(424,277)
Balance, end	(20,585,115)	(26,413,153)
Accumulated Remeasurement Losses	(24,338,906)	(25,363,833)
Reserve for fluctuation in market value of stocks	(20,774,851)	(12,385,188)
	44,013,568	45,550,266
Retained earnings		
Balance, beginning	1,155,073,844	1,113,176,533
Net loss	(100,691,224)	(104,439,863)
Balance, end	1,054,382,620	1,008,736,670
	6,255,710,787	3,955,527,498
Treasury Stock	(110,049,633)	(110,049,633)
	6,145,661,155	3,845,477,866
Minority Interest		
Balance, beginning	(18,048,438)	(15,994,472)
Share in net income	-	-
	(18,048,438)	(15,994,472)
	P6,127,612,716	P3,829,483,392

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

	For the Nine Months Ended September 30	
	2021	2020
Cash flows from Operating Activities		
Net Loss	(100,688,501)	(104,435,737)
Adjustments for:		
Financial assets at fair value through other comprehensive income (FVOCI)	11,797	(761,471)
Decrease in minority interest	(2,723)	(2,611)
Depreciation and amortization	9,439,181	11,481,659
Loss from operations before working capital changes	(91,240,246)	(93,718,159)
Decrease (Increase) in:		
Real estate inventories	(2,208,306,411)	48,886,807
Trade and other receivables - net	288,717,390	142,070,710
Prepayments and other current assets	(81,195,036)	(27,665,753)
Increase (Decrease) in:		
Trade and other payables	50,375,316	5,661,778
Other non-current liabilities	188,450	(5,528,429)
Deferred Tax Liability	881,002	2,084,278
Retirement Benefit Obligation	6,323,554	(1,429,273)
Unearned Income	(1,361,382)	53,789
Net cash provided by (used in) operating activities	(2,035,617,363)	70,349,861
Cash Flows from Investing Activities		
Decrease (Increase) in:		
Right of Use Asset	7,263,795	7,263,795
Investment in Finance Lease	8,914,775	8,426,479
Lease Liability	(11,055,758)	(10,511,280)
Investments in and advances to associates - net	(6,261,586)	9,487,675
Financial assets at fair value through other comprehensive income (FVOCI)	250,023	761,471
Investment Property	6,239,634	(45,218,319)
Net additions to property and equipment	1,796,015	(1,420,657)
Net cash provided by (used in) investing activities	7,146,898	(31,210,836)
Cash Flows from Financing Activities		
Availment of loans payable	420,000,000	630,807,156
Payment of Bank Loans and notes	(732,056,017)	(705,129,963)
Issuance of Capital Stock	2,256,000,000	-
Net cash provided by (used in) financing activities	1,943,943,983	(74,322,807)
Net decrease in Cash and Cash Equivalents	(84,526,482)	(35,183,782)
Cash and Cash Equivalents, Beginning	207,245,299	218,430,583
Cash and Cash Equivalents, End	122,718,817	183,246,800

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

PARTICULARS	CURRENT	OVER DUE			TOTAL
		31-60 DAYS	61-90 DAYS	OVER 91 DAYS	
PRHC	11,875,671	18,858,122	421,416	452,233,839	483,389,049
PPMI	1,793,657	691,202	-	4,801,559	7,286,418
TIBI	7,528,634				7,528,634
UTC	-	-			-
GRAND TOTAL	21,197,962	19,549,324	421,416	457,035,398	498,204,101

Accounts Receivable - Trade	498,204,101
Accounts Receivable - Others	286,177,223
Total	<u>784,381,323</u>

FINANCIAL INFORMATION

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

In the first three quarters 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 ₱100.7 Million.

Towards the end of the second quarter, 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 second quarter and third quarter financial reports.

With the issuance of new RLT 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 disruptions to business caused by the COVID-19 pandemic, that also adversely affected the Philippine economy in general, particularly in 2020. For the RLT Group, the first three quarters of year 2021 continued to be difficult in spite of the improving economy, but the Group’s performance is better this year compared to the same period last year.

The Philippine economy continued to recover from the impact of the COVID-19 pandemic as gross domestic product (**GDP**) expanded 7.1% in the third quarter, as reported by the Philippine Statistics Authority (**PSA**). However, the third quarter’s GDP growth is slower compared to the revised 12% GDP growth in the second quarter.

For the first three quarters of 2021, the Philippine economy’s average growth rate is now 4.9%, and it is on course to hitting the government’s full year growth forecast range of 4-to-5%.

The high growth rates in the second and third quarters were also partly due to low base effects. As the economy started from a low base in 2020, it was relatively easier for the Philippine economy to grow at a faster pace this year.

In 2020, the Philippine economy contracted by 17% in the second quarter, and 11.6% in the third. For the whole of last year, the economy contracted 9.6%, its worst performance since the end of World War 2, largely due to the impact of the COVID-19 pandemic and the mobility restrictions imposed by the government that followed.

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

1. **Consolidated net income after tax.** The RLT Group posted a net loss after tax of ₱100.7 Million for the nine (9) months ended 30 September 2021 compared to the ₱104.4 Million net loss after tax recorded for the same period last year, or an improvement of ₱3.7 Million.

The net losses for the past periods have been largely due to the decrease in the number of units sold by the Parent Company. This was the effect of the very strict implementation by the Parent Company of safety and health protocols on prospective buyers and sales agents alike when it comes to actual, onsite viewing of condominium units for sale. This policy, while it adversely affected client viewings which is a very vital aspect in sales of real estate, safeguarded on the other hand, the welfare of buyers who are already residing in the Parent Company's residential condominium developments.

a. **Income**

- 1) **Sales of real estate.** Sales of real estate at ₱176 Million declined by ₱53 Million or by 23% for the first nine (9) 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 ₱13.2 Million or by 24% due to the 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 17% due to the non-renewal of a management contract between PPMI and one of its clients.
- 4) **Other Income.** Other income went up in 2021 by ₱3.2 Million due to additional interest and penalties collected from installment buyers.

b. **Costs and Expenses**

- 1) **Cost of real estate sold.** For the nine months ended 30 September 2021 compared to the nine months ended 30 September 2020, the Cost of Real estate sold decreased by ₱39.9 Million or a reduction of 28%.

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 ₱25 Million in the first nine months of 2021 compared to the same period in 2020, or by 11.7%. This is attributable to lower Commission and Selling expenses due to lower Sales in 2021.
- 3) **Finance cost.** The reduction in interest expense to ₱15.9 Million from ₱16.4 Million last year, or a decrease by 3.2%, was due to the continuing payments

by the Parent Company of its outstanding loans.

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 ₱0.2 Million for the nine months ended 30 September 2021.

It is lower by ₱2.70 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 ₱0.09 Million for the for nine months ended 30 September 2021 which is lower by ₱0.16 Million compared to the ₱0.26 Million net income registered for the same period last year.

II. Review of Consolidated Statement of Financial Position for the Period Ending 30 September 2021 vs. 31 December 2020

1. **Total assets.** The RLT Group's Total assets stood at ₱8.0 Billion as of 30 September 2021, which is higher by ₱1.9 Billion compared to the ₱6.1 Billion Total Assets reported by the Group as of 31 December 2020. The RLT Group's Real Estate Assets accounted for 74% of the Total Assets of the Group as of 30 September 2021.

Real Estate Inventories increased by ₱2.2 Billion from 31 December 2020 to 30 September 2021, or by 276%, 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 ₱289 Million or by 26.8% from 31 December 2020 to 30 September 2021 is explained by the collection of installment receivables from the Parent Company's residential condominium buyers.

Investment Properties decreased by ₱6.2 Million or from ₱2.912 Billion in December 2020 to ₱2.906 Billion in September 2021 due to the sale of parking slots at The Icon Plaza by the Parent Company.

2. **Total liabilities.** Total liabilities as of 30 September 2021 decreased by ₱267 Million compared to 31 December 2020. The decrease came from the loan repayments by the Parent Company of its outstanding loans from various financial institutions.
3. **Total Equity.** Total Equity as of 30 September 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 ₱100.7 Million as a result of the Net Loss recognized by the Parent Company for the period ending 30 September 2021.

III. Performance Indicators

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

Performance Indicators	30 September 2021 Unaudited	31 December 2020 Audited
Current ratio ¹	21.83:1	5.15:1
Debt-to-equity ratio ²	0.30:1	0.53:1
Asset-to-equity ratio ³	1.30:1	1.53:1
Book value per share ⁴	₱0.97	₱0.85
Earnings per share ⁵	(₱0.02)	₱0.08

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, already at a very good level of 5.15:1 as of 31 December 2020, still improved substantially to 21.83:1 as of 30 September 2021, or an improvement of 324%.
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 0.30:1 as of 30 September 2021 due to the large increase in the Parent Company's capital stock.

Furthermore, as of end-September 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 a small amount of debt.

3. **Asset-to-equity ratio.** The Asset-to-equity ratio at 1.53:1 of the Group as of 31 December 2020 improved considerably to 1.33:1 as of as of 30 September 2021.
4. **Book value per share.** The performance of the Company's Book Value per share has also been very encouraging. It remains steady at ₱0.85 per share as of December 2020 and at ₱0.97 per share as of 30 September 2021.

There was no issuance, repurchase or payment of equity securities or dividends during the year 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. Experienced gained from this pandemic will be used to improve the Group's handling of similar emergencies moving forward.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
FINANCIAL SOUNDNESS INDICATORS

Exhibit II

			2021		2020
Net Profit Margin:					
<i>Shows how much profit is made for every peso of revenue</i>	Net Income(Loss)/ Total Revenues	<u>(100,691,224)</u> 248,688,027	-40.49%	<u>(104,439,863)</u> 322,491,745	-32.39%
Asset Turnover:					
<i>Shows efficiency of asset used in operations</i>	Total Revenues/ Ave. Total Assets	<u>248,688,027</u> 7,048,136,263	0.04	<u>322,491,745</u> 6,098,244,352	0.05
Interest Rate Coverage Ratio:					
<i>Determine how easily a company can pay interest on outstanding debt</i>	EBITDA/ Interest Expense	<u>(74,371,289.96)</u> 15,865,989.67	-4.69	<u>-73,238,193</u> 16,384,620.89	-4.47

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

Exhibit III

	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Travel Services	Other Income	Elimination	Consolidated
Revenue	216,761,239	28,242,160	3,619,829	-	5,086,180.23		253,709,408
Segment Result	(88,972,914)	(132,101)	69,388	(14,743)	5,004,013	-	(84,046,356)
Interest expense/Bank charges	(15,865,990)						(15,865,990)
Interest income	2,499,959	2,283	2,078	-			2,504,321
Dividend income							-
Gain on sale of PPE							-
Equity in net loss of associate						(2,268,436)	(2,268,436)
Income taxes	(881,002)	(92,882)	(40,880)				(1,014,764)
Income before minority interest	(103,219,946)	(222,700)	30,586	(14,743)	5,004,013	(2,268,436)	(100,691,224)
Minority interest							
Net Income	(103,219,946)	(222,700)	30,586	(14,743)	5,004,013	(2,268,436)	(100,691,224)
Other Information							
Segment assets	7,735,971,231	86,022,308	22,479,243	1,223,454	2,502,842	67,884,714	7,916,083,792
Investment at equity method	123,819,652					(53,402,579)	70,417,073
Unallocated corporate assets	-	5,829,091	-	-	-	-	5,829,091
Consolidated Total Assets	7,859,790,882	91,851,399	22,479,243	1,223,454	2,502,842	14,482,135	7,992,329,956
Segment liabilities	1,216,011,039	34,425,988	12,067,341	30,022,076	78,775,933	(18,220,695)	1,353,081,682
Unallocated corporate liabilities	511,635,559	-	-	-	-	-	511,635,559
Consolidated Total Liabilities	1,727,646,598	34,425,988	12,067,341	30,022,076	78,775,933	(18,220,695)	1,864,717,241
Capital expenditure	-	-		-			-
Depreciation	8,462,077	650,020	327,085	-			9,439,181
Non-cash expenses other than depreciation							-