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S.E.C. Registration Number

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(Company's Full Name)

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

Mr. Mark Anthony M. Ramos

Contact Person

Number

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FORM TYPE

8631-3179

Company Telephone

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Annual Meeting

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 Sep 30, 2023
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-1609 16th Floor 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 2002 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 [X] 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 [X] No []

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

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

A copy of the comparative statements as of and for the quarters ended September 30, 2023 and 2022, 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, 2022.

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, 2023 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.



EDMUNDO C. MEDRANO
President

November 10 , 2023



MARISSA S. BONTOGON
Vice President and Treasurer and
Risk Officer

November 10 , 2023



MARK ANTHONY M. RAMOS
Vice President and Controller, and
Compliance Officer

November 10, 2023

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

| | Unaudited September 30 2023 | Audited December 31 2022 |
|---|-----------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 90,042,267 | P 163,886,734 |
| Financial assets at fair value through profit or loss (FVPL) | 6,750,000 | 6,750,000 |
| Trade and other receivables - current portion | 148,434,940 | 177,461,738 |
| Real estate inventories | 2,064,312,345 | 2,086,122,188 |
| Prepayments and other assets - net | 508,385,295 | 413,430,156 |
| Investment in finance lease - current portion | 14,099,824 | 14,099,824 |
| Total Current Assets | 2,832,024,671 | 2,861,750,640 |
| Non-current Assets | | |
| Financial assets at fair value through other comprehensive income (FVOCI) | 36,100,239 | 36,076,106 |
| Trade and other receivables - non-current portion | 442,360,340 | 365,017,469 |
| Investments in and advances to associates - net | 55,122,486 | 58,236,132 |
| Investment properties - net | 4,871,410,821 | 4,926,465,273 |
| Property and equipment - net | 77,979,135 | 60,321,966 |
| Right-of-use asset - net | 88,911,810 | 97,414,601 |
| Investment in finance Lease - net of current portion | 177,261,281 | 187,577,451 |
| Other non-current assets | 53,386 | 53,386 |
| Total Non-current Assets | 5,749,199,498 | 5,731,162,384 |
| | 8,581,224,169 | 8,592,913,024 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables - current portion | 86,755,994 | 110,354,183 |
| Loans and notes payable - current portion | 726,587,447 | 666,722,994 |
| Lease liability - current | 4,271,259 | 14,841,458 |
| Total Current Liabilities | 817,614,700 | 791,918,635 |
| Non-current Liabilities | | |
| Trade and other payables - net of current portion | 99,785,011 | 84,852,490 |
| Loans and note payable - net of current portion | 319,442,455 | 227,700,370 |
| Retirement benefit obligation | 64,606,215 | 66,953,485 |
| Deferred tax liabilities - net | 700,567,347 | 696,703,231 |
| Other non-current liabilities | 158,223,069 | 40,425,411 |
| Lease liability - non-current | 38,854,455 | 158,661,703 |
| Total Non-current Liabilities | 1,381,478,552 | 1,275,296,690 |
| | 2,199,093,252 | 2,067,215,325 |
| Equity Attributable to Equity Holders of the Parent Company | | |
| Capital stock | 4,433,211,671 | 4,433,211,671 |
| Additional paid-in capital | 623,139,806 | 623,139,806 |
| Reserves | 65,554,794 | 65,530,662 |
| Retained earnings | 1,393,007,587 | 1,536,606,331 |
| Treasury stock | (110,049,632) | (110,049,632) |
| | 6,404,864,226 | 6,548,438,837 |
| Equity Attributable to Non-Controlling Interest | (22,733,309) | (22,741,138) |
| | 6,382,130,917 | 6,525,697,699 |
| | P 8,581,224,169 | P 8,592,913,024 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|---|-----------------------|----------------------|
| INCOME | | |
| Sales of real estate | P 172,960,724 | P 122,382,962 |
| Rent | 48,870,161 | 44,023,830 |
| Management fees | 31,024,565 | 27,091,386 |
| Interest income | 11,504,221 | 3,520,057 |
| Commission income | 3,670,318 | 4,483,444 |
| Other income | 1,446,939 | 9,425,975 |
| | 269,476,928 | 210,927,654 |
| COSTS AND EXPENSES | | |
| Cost of real estate sold | 89,439,100 | 54,196,442 |
| Cost of services | 54,391,893 | 47,658,112 |
| General and administrative expenses | 193,917,483 | 169,705,298 |
| Finance cost | 39,298,203 | 14,560,667 |
| Other expenses | 32,840,072 | - |
| Equity in net loss of associate | 2,113,646 | 1,699,978 |
| | 412,000,397 | 287,820,497 |
| LOSS BEFORE INCOME TAX | (142,523,469) | (76,892,843) |
| INCOME TAX EXPENSE | 1,075,276 | 838,640 |
| NET LOSS | (143,598,745) | (77,731,483) |
| ATTRIBUTABLE TO: | | |
| Equity holders of the parent | (143,594,338) | (77,728,360) |
| Non-controlling interest | (4,407) | (3,123) |
| | (143,598,745) | (77,731,483) |
| OTHER COMPREHENSIVE INCOME: | | |
| Unrealized holding gain (loss) income on AFS investments | 594,697 | (2,103,079) |
| TOTAL COMPREHENSIVE LOSS | (P143,004,048) | (P79,834,562) |
| Loss per share | | |
| Basic | (0.015781) | (0.008542) |
| Diluted | (0.015781) | (0.008542) |
| Number of shares outstanding | | |
| Basic | 9,099,309,288 | 9,099,309,288 |
| Diluted | 9,099,309,288 | 9,099,309,288 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|---|----------------------|----------------------|
| INCOME | | |
| Sales of real estate | P 77,258,622 | (P29,957,074) |
| Rent | 15,834,253 | 15,156,049 |
| Management fees | 10,453,772 | 8,838,760 |
| Interest income | 1,846,379 | 978,900 |
| Commission | 844,942 | 980,286 |
| Other income | 394,507 | 6,876,188 |
| | 106,632,475 | 2,873,109 |
| COSTS AND EXPENSES | | |
| Cost of real estate sold | 45,014,363 | (13,471,179) |
| Cost of services | 18,972,061 | 15,584,353 |
| General and administrative expenses | 64,934,610 | 48,434,821 |
| Finance cost | 14,146,573 | 6,371,696 |
| Other expenses | (2,595,849) | - |
| Equity in net loss of associate | 618,584 | 461,261 |
| | 141,090,342 | 57,380,952 |
| LOSS BEFORE INCOME TAX | (34,457,867) | (54,507,843) |
| INCOME TAX EXPENSE | 103,331 | (284,419) |
| NET LOSS | (34,561,198) | (54,223,422) |
| ATTRIBUTABLE TO: | | |
| Equity holders of the parent | (34,561,198) | (54,222,906) |
| Minority interest | (0) | - |
| | (34,561,198) | (54,222,906) |
| OTHER COMPREHENSIVE INCOME (LOSS): | | |
| Unrealized holding loss on AFS investments | (106,712) | (3,517,156) |
| TOTAL COMPREHENSIVE LOSS | (P34,667,910) | (P57,740,063) |
| Income per share | | |
| Basic | (0.003798) | (0.005959) |
| Diluted | (0.003798) | (0.005959) |
| Number of shares outstanding | | |
| Basic (net of treasury stock 125,644,005) | 9,099,309,288 | 9,099,309,288 |
| Diluted (net of treasury stock 125,644,005) | 9,099,309,288 | 9,099,309,288 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|--|-----------------|-----------------|
| Capital Stock | | |
| Authorized 8,000,000,000 common shares | | |
| Issued and outstanding 7,866,647,523 shares in 2023; 7,866,647,523 shares in 2022 | | |
| Capital stock | P 3,933,323,762 | P 3,933,323,762 |
| Subscribed capital stock 1,314,711,262 shares in 2023; 1,314,711,262 shares in 2022 | 657,355,631 | 657,355,631 |
| Less: Subscription receivable | 157,467,721 | 157,490,221 |
| | 499,887,910 | 499,865,410 |
| Additional paid-in capital | 623,139,806 | 623,139,806 |
| Capital stock | 5,056,351,480 | 5,056,328,977 |
| Reserves | | |
| Appropriated retained earnings for Treasury stock acquisition | 109,712,439 | 109,712,439 |
| Revaluation on FVOCI | | |
| Balance, beginning | (25,606,702) | (24,038,272) |
| Unrealized holding gain (loss) on financial assets at FVOCI | 205,028 | (1,931,706) |
| Balance, end | (25,401,673) | (25,969,976) |
| Accumulated Remeasurement Losses | (18,755,971) | (33,644,428) |
| | 65,554,794 | 50,098,034 |
| Retained earnings | | |
| Balance, beginning | 1,536,606,331 | 1,349,807,236 |
| Net loss | (143,598,745) | (77,731,483) |
| Balance, end | 1,393,007,586 | 1,272,075,753 |
| | 6,514,913,860 | 6,378,502,764 |
| Treasury Stock | (110,049,632) | (110,049,632) |
| | 6,404,864,226 | 6,268,453,133 |
| Minority Interest | | |
| Balance, beginning | (22,741,138) | (20,042,311) |
| Adjustment | 7,829 | - |
| | (22,733,309) | (20,042,311) |
| | P 6,382,130,917 | P 6,248,410,822 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|----------------------|
| Cash flows from Operating Activities | | |
| Net Loss | (P143,594,338) | (P77,728,360) |
| Adjustments for: | | |
| Financial assets at fair value through other comprehensive income (FVOCI) | 205,028 | (1,931,706) |
| Decrease in minority interest | 7,829 | (3,122) |
| Depreciation and amortization | (17,657,169) | 10,521,044 |
| Loss from operations before working capital changes | (161,219,546) | (69,313,518) |
| Decrease (Increase) in: | | |
| Real estate inventories | 21,809,843 | (3,947,369) |
| Trade and other receivables - net | (48,316,067) | 41,126,875 |
| Prepayments and other current assets | (94,959,550) | (2,083,660) |
| Increase (Decrease) in: | | |
| Trade and other payables | (8,665,668) | (3,091,134) |
| Deferred tax liability | 3,864,116 | 3,863,747 |
| Retirement benefit obligation | (2,347,270) | 3,373,628 |
| Other non-current liabilities | 117,797,658 | (2,429,523) |
| Net cash used in operating activities | (172,036,484) | (32,500,954) |
| Cash Flows from Investing Activities | | |
| Decrease (Increase) in: | | |
| Right of use asset | 8,502,791 | 6,142,147 |
| Investment in finance lease | 10,316,170 | 9,812,960 |
| Lease liability | (130,377,447) | (10,172,367) |
| Investments in and advances to associates - net | 3,113,646 | 1,699,978 |
| Financial assets at fair value through other comprehensive income (FVOCI) | (24,133) | 2,103,080 |
| Investment property | 55,054,452 | (23,315,715) |
| Net additions to property and equipment | - | (2,822,237) |
| Net cash used in investing activities | (53,414,521) | (16,552,154) |
| Cash Flows from Financing Activities | | |
| Availment of loans payable | 1,177,502,695 | 597,530,667 |
| Payment of bank loans and notes | (1,025,896,157) | (605,661,369) |
| Net cash provided by (used in) financing activities | 151,606,538 | (8,130,702) |
| Net decrease in Cash and Cash Equivalents | (73,844,467) | (57,183,810) |
| Cash and Cash Equivalents, Beginning | 163,886,734 | 202,643,198 |
| Cash and Cash Equivalents, End | P 90,042,267 | P 145,459,386 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE-TRADE
AS OF SEPTEMBER 30, 2023

| PARTICULARS | CURRENT | OVER DUE | | | TOTAL |
|-------------|-------------|------------|------------|--------------|-------------|
| | | 31-60 DAYS | 61-90 DAYS | OVER 91 DAYS | |
| PRHC | 296,828,039 | 1,208,101 | 87,011,726 | 24,705,888 | 409,753,754 |
| PPMI | 2,002,525 | 445,181 | 363,443 | 323,861 | 3,135,010 |
| TIBI | 1,552,220 | - | - | - | 1,552,220 |
| UTC | - | - | - | - | - |
| GRAND TOTAL | 300,382,783 | 1,653,282 | 87,375,169 | 25,029,749 | 414,440,984 |

| | |
|------------------------------|--------------------|
| Accounts Receivable - Trade | 414,440,984 |
| Accounts Receivable - Others | 176,354,296 |
| Total | <u>590,795,280</u> |

FINANCIAL INFORMATION

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

The financial results for the first nine (9) months of 2023 of Philippine Realty and Holdings Corporation (interchangeably referred to by its PSE trading symbol “**RLT**” or “**Parent Company**” or as the “**RLT Group**” or “**Group**”) reflected a consolidated net loss of ₱144 Million. But in spite of this, the Group was still able to maintain very conservative liquidity and solvency ratios.

The Philippine economy continues to encounter headwinds in attaining economic recovery.

The Philippine Gross Domestic Product (**GDP**) posted a growth of 5.9% in the third quarter of 2023, which was an improvement from the GDP growth of rate of 4.3% in the second quarter of 2023. The main contributors to the third quarter 2023 growth were: wholesale and retail trade; repair of motor vehicles and motorcycles (5.0%); financial and insurance activities (9.5%); and construction (14.0%). Major economic sectors, namely agriculture, forestry (0.9%); fishing (5.5%); and services (6.8%), all posted positive growths in the third quarter of 2023.¹

The National Government (**NG**) debt which stood at a record high of ₱14.35 trillion as of end-August 2023 went down to ₱14.27 trillion, or by 0.6%, in September 2023. Of the total NG debt stock, 68%, was sourced domestically, while 32% came from external borrowings.

Given the decrease in the country’s debt stock relative to the size of the economy as measured by GDP, the Philippines’ debt-to-gross domestic product ratio (**debt-to-GDP ratio**) subsided as of end-September 2023, data released by the Bureau of the Treasury (**BTr**) on Thursday showed.

As of the third quarter of the year, the country’s debt-to-GDP ratio stood at 60.2%, down from 61% as of end-June 2023. This is also an improvement from the 63.6% debt-to-GDP ratio seen as of the third quarter of 2022 and the 60.9% seen for the entire 2022.

Debt-to-GDP ratio measures the amount of the National Government’s outstanding debt proportionate to the value of the economy during a specific period. A lower debt-to-GDP ratio indicates that the country can pay off its debt without having adverse impacts on the economy.

“With the latest development, the National Government’s end of year debt ratio is likely to be lower than the 2023 Medium Term Fiscal Framework (**MTFF**) target of 61.4%,” the BTr said. “Moreover, the debt-to-GDP ratio is on pace to fall below 60% earlier than the 2025 MTFF commitment,” it said.

Finance Secretary Diokno said that the government’s MTFF aims to bring down the debt-to-GDP ratio to less than 60% by 2025 then further down to 51.1% in 2028 and reduce the budget deficit to 3.0% of GDP by 2028. “The MTFF is our blueprint to reduce fiscal deficit, promote fiscal sustainability and enable robust economic growth,” he added.

NEDA Secretary Balisacan said that “High inflation remains a challenge, and the BSP’s move to raise its key policy rates to anchor inflation expectations and ensure price stability, may dampen future growth. But the improvement in the business climate can counter this unintended effect,” he added. The NEDA Secretary also said that expectations that inflation will return to the 2 to 4% target band by the end of the year could rebuild consumer and business confidence, which would boost spending and investments.

¹ Source: Philippine Statistics Authority

I. Review of Consolidated Statement of Income for the Period Ending 30 September 2023 vs. 30 September 2022

| For the period ended September 30 (In millions) | | | | |
|---|---------------------|---------------------|-------------------|-------------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) | Change in Peso | Change in Percentage |
| REVENUES | | | | |
| Sales of real estate | ₱173 | ₱122 | ₱51 | 42% |
| Rent | 49 | 44 | 5 | 11% |
| Management fees | 31 | 27 | 4 | 15% |
| Interest income | 11 | 4 | 7 | 175% |
| Commission | 4 | 5 | (1) | (20%) |
| Other income | 1 | 9 | (8) | (89%) |
| TOTAL | 269 | 211 | 58 | 27% |
| COSTS AND EXPENSES | | | | |
| Cost of real estate sold | 90 | 54 | 36 | 67% |
| Cost of services | 54 | 48 | 6 | 13% |
| General and administrative expenses | 194 | 170 | 24 | 14% |
| Finance cost | 39 | 15 | 24 | 160% |
| Other expenses | 33 | - | 33 | 100% |
| Equity in net loss of associate | 2 | 2 | - | - |
| TOTAL | 412 | 288 | 124 | 43% |
| LOSS BEFORE INCOME TAX | (143) | (77) | (66) | 86% |
| INCOME TAX EXPENSE | 1 | 1 | - | - |
| NET LOSS | (₱144) | (₱78) | (₱66) | 85% |
| OTHER COMPREHENSIVE INCOME (LOSS) | 1 | (2) | 3 | 150% |
| TOTAL COMPREHENSIVE LOSS | (₱143) | (₱80) | (₱63) | (79%) |

- 1. Consolidated net loss after tax.** The RLT Group posted a net loss of **₱144 Million** for the nine (9) months ended 30 September 2023.

The increase in the RLT Group's net loss is largely attributable to the increase in the general and administrative expenses in the first nine (9) months of 2023 compared to the same period last year.

a. Income

- 1) Sales of Real Estate.** Sales of Real Estate at ₱173 Million increased by ₱51 Million or by 42% for the first nine (9) months of 2023 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 increased by ₱5 Million or 11% due to the origination of new lease contracts.
- 3) Management Fee.** This account increased by ₱4 Million or by 15% due to the generation of an additional client.
- 4) Interest Income.** Interest Income increased by 175% due to higher Interest

Income collected from buyers arising from late payments.

- 5) **Commission.** Commissions decreased by ₱1 Million due to lower insurance business generated for the first nine months of 2023.
- 6) **Other Income.** Other Income decreased by 89% during the period due to lower amount of penalties and income from sales cancellations booked in 2023 relative to 2022.

b. Costs and Expenses

- 1) **Cost of Real Estate Sold.** The Cost of Real Estate Sold for the nine (9) months ended 30 September 2023 increased by ₱36 Million or by 67%. Cost of Real Estate Sold moves in parallel or in tandem with the movement in revenues. In 2023, Sales of Real Estate increased compared to 2022.

The percentage of Cost of Real Estate Sold to Sales of Real Estate in 2023 at 52% is higher than the percentage of Cost of Real Estate Sold to Sales of Real Estate in 2022 which was at 44%. The increase is explained by the fact that in terms of sales value, higher sales value was generated from SkyVillas units in 2023 relative to Skyline units, unlike in 2022. Skyline units have lower standard costs compared to SkyVillas units.

- 2) **Cost of Services.** The Cost of Services increased by ₱6 Million or by 13% due to higher expenses incurred by the Parent Company and its property management subsidiary for the nine (9) months ended 30 September 2023 compared to the same period last year.
- 3) **General and Administrative Expenses.** General and Administrative Expenses increased by ₱24 Million or by 14% due to payment of tax assessments for prior years but was mitigated by the reversal of excess Provision for Impairment of Receivables booked in 2022.
- 4) **Finance Cost.** The increase in Interest Expense to ₱39 Million from ₱15 Million last year, or an increase of 160%, was due to the full charging of Interest Expense to operations compared to previous years where part of interest payments was capitalized to real estate projects considered as qualifying assets.
- 5) **Other Expenses.** This was due to the reversal in 2023 of fair value gains from certain real estate assets that were erroneously classified as Investment Properties in 2022 but were belatedly discovered in 2023 to rightfully be classified as Real Estate Inventories.
- 6) **Other Comprehensive income.** This account increased by ₱3 Million or 150%. This is primarily due to the market-to-market unrealized gains attributable to the Parent Company's stock investments.

II. Review of Consolidated Statement of Financial Position for the Period Ending 30 September 2023 vs. 31 December 2022

| As of 30 September 2023 vs. 31 December 2022 | | | | |
|---|--------------------------------------|-----------------------------------|-------------------|-------------------------|
| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) | Change in Peso | Change in Percentage |
| Assets | | | | |
| Cash and cash equivalents | ₱90 | ₱164 | (₱74) | (45%) |
| Financial assets | 43 | 43 | - | - |
| Trade and other receivables – net | 591 | 542 | 49 | 9% |
| Real estate inventories | 2,064 | 2,086 | (22) | (1%) |
| Prepayments and other assets – net | 508 | 413 | 95 | 23% |
| Investments in and advances to associates - net | 55 | 58 | (3) | (5%) |
| Property and equipment – net | 78 | 60 | 18 | 30% |
| Investment properties – net | 4,871 | 4,926 | (55) | (1%) |
| Other Assets | 281 | 301 | (20) | (7%) |
| TOTAL | ₱8,581 | ₱8,593 | (₱12) | (0%) |
| Liabilities | | | | |
| Trade and other payables | ₱186 | ₱195 | (₱9) | (5%) |
| Loans and Notes Payable | 1,046 | 894 | 152 | 17% |
| Retirement benefit obligation | 65 | 67 | (2) | (3%) |
| Other liabilities | 902 | 911 | (9) | (1%) |
| Total Liabilities | 2,199 | 2,067 | 132 | 6% |
| Equity | | | | |
| Capital stock | 5,056 | 5,056 | - | - |
| Reserves | 66 | 66 | - | - |
| Retained earnings | 1,393 | 1,537 | (144) | (9%) |
| Treasury stock | (110) | (110) | - | - |
| Equity attributable to non- controlling interest | (23) | (23) | - | - |
| Total Equity | ₱6,382 | ₱6,526 | (₱144) | (2%) |
| TOTAL | ₱8,581 | ₱8,593 | (₱12) | (0%) |

- 1. Total Assets.** The RLT Group's Total Assets stood at ₱8.58 Billion as of 30 September 2023, lower by ₱12 Million compared to the ₱8.59 Billion Total Assets reported by the Group as of 31 December 2022. The RLT Group's Real Estate Assets accounted for 81% of the Total Assets of the Group as of 30 September 2023.

Cash and Cash Equivalents decreased by 45% due to the full settlement of the tax liabilities assessed by the Bureau of Internal Revenue (**BIR**) for prior years.

Trade and Other Receivables – Net increased by ₱49 Million or by 9% due to new and additional sales generated by the Company.

Prepayments and Other Assets increased by 23% due to the taxes paid that are being amortized within the year.

Property and Equipment increased by 30% due to the acquisition of new transportation vehicles in 2023.

Other Assets decreased by 7% due to various adjustments made pertaining to the adoption of new accounting standards.

2. **Total Liabilities.** Total Liabilities as of 30 September 2023 increased by ₱132 Million or by 6% compared to 31 December 2022. The increase came from the new bank loans by the Parent Company.

Loans and Notes Payable increased by 17% due to the additional loans availed by the Parent Company during the period.

3. **Total Equity.** Total Equity as of 30 September 2023 decreased by ₱144 Million compared to 31 December 2022. This is attributable to the net loss incurred by the Group amounting to ₱144 Million as of 30 September 2023.

III. Performance Indicators

The table below presents the comparative performance indicators of the RLT Group as of 30 September 2023 compared to 31 December 2022.

| Performance Indicators | 30 September 2023 Unaudited | 31 December 2022 Audited |
|------------------------------------|--------------------------------|-----------------------------|
| Current ratio ¹ | 3.46:1 | 3.61:1 |
| Debt-to-equity ratio ² | 0.34:1 | 0.32:1 |
| Asset-to-equity ratio ³ | 1.34:1 | 1.32:1 |
| Book value per share ⁴ | ₱0.72 | ₱0.73 |
| Earnings per share ⁵ | (₱0.02) | ₱0.02 |

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 the RLT Group in terms of the Group's liquidity and solvency positions.

1. **Current Ratio.** The Group's Current ratio remained at a very conservative and acceptable level at 3.46:1 despite a slight deterioration from 3.61:1 as of 31 December 2022.
2. **Debt-to-Equity Ratio.** Similarly, the RLT Group's Debt-to-Equity Ratio remained very conservative at 0.34:1 for the periods under review.
3. **Asset-to-Equity Ratio.** The Asset-to-Equity Ratio reflected a slight increase to 1.34:1 compared to 1.32:1 recorded by the Group as of 31 December 2022.

The steady performance of the Debt-to-Equity and Asset-to-Equity Ratios of the Group for the periods under review clearly demonstrate that the Group's conservative solvency position and low debt level.

4. **Book Value per Share.** The performance of the Company's Book Value per Share has also been steady at around ₱0.72 to ₱0.73 per share.

TOP CONTRIBUTORS TO REVENUE

The table below presents the top contributors to revenue (before elimination of intercompany transactions) for the nine (9) months ended 30 September 2023 and for the years ended 31 December 2022, and 31 December 2021.

(In millions)

| SUBSIDIARIES | September 2023 Unaudited | December 2022 Audited | December 2021 Audited |
|--|--------------------------------|-----------------------------|-----------------------------|
| PRHC Property Managers, Inc. (PPMI) | ₱33 | ₱35 | ₱37 |
| Tektite Insurance Brokers, Inc. (TIBI) | ₱4 | ₱6 | ₱5 |

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 Loss before Tax of ₱0.2 Million for the nine months ended 30 September 2023. It is higher by ₱0.4 Million compared to the Net Loss 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 before Tax of ₱0.7 Million for the nine months ended 30 September 2023 which is lower by ₱0.2 Million compared to the ₱0.9 Million Net Income before Tax that TIBI registered for the same period last year.

Key Financial Ratios of the Top Subsidiaries

PRHC Property Managers, Inc. (PPMI)

| Performance Indicators | 30 September 2023 Unaudited | 31 December 2022 Audited | 31 December 2021 Audited |
|------------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Current ratio ¹ | 9.76:1 | 2.82:1 | 2.94:1 |
| Debt-to-equity ratio ² | 0.55:1 | 0.46:1 | 0.58:1 |
| Asset-to-equity ratio ³ | 1.55:1 | 1.46:1 | 1.58:1 |
| Book value per share ⁴ | ₱12.33 | ₱12.58 | ₱10.69 |
| Earnings per share ⁵ | (₱0.02) | ₱0.04 | (₱1.32) |

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

Tektite Insurance Brokers, Inc. (TIBI)

| Performance Indicators | 30 September 2023 Unaudited | 31 December 2022 Audited | 31 December 2021 Audited |
|------------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Current ratio ¹ | 8.55:1 | 35.90:1 | 2.74:1 |
| Debt-to-equity ratio ² | 0.86:1 | 0.88:1 | 2.71:1 |
| Asset-to-equity ratio ³ | 1.86:1 | 1.88:1 | 3.71:1 |
| Book value per share ⁴ | ₱0.43 | ₱0.36 | ₱0.20 |
| Earnings per share ⁵ | ₱0.04 | ₱0.05 | (₱0.60) |

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

There was no issuance, repurchase, or payment of equity securities or dividends during the first nine (9) months of the year 2023.

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, exposure 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 has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which help reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at Fair Value through Profit and Loss (**FVPL**), financial assets at Fair Value through Other Comprehensive Income (**FVOCI**) and advances to subsidiaries and associates. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank investment limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

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

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

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

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

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

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

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

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

6. **Risks Related to COVID-19.** Many countries, including the Philippines, suffered from the scourge on health and livelihood caused by the COVID-19 global pandemic. While it has somehow abated, we still consider this to be a key risk element as this has adversely affected our Company's business.

The RLT Group continues to keenly monitor the situation as COVID-19 has been identified as a genuine risk and game changer. The RLT Group has put together its business continuity plan (**BCP**) to mitigate the risk impact to operations and to its personnel in case the pandemic surges again. 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**), and the local government units (**LGUs**) where the Group operates in, etc.

Experience 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
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

Exhibit II

| | | | 2023 | | 2022 |
|--|--------------------------------------|---|-------------|--------------------------------------|-------------|
| Net Profit Margin: | | | | | |
| <i>Shows how much profit is made for every peso of revenue</i> | Net Income(Loss)/ Total Revenues | <u>(143,598,745)</u> 269,476,928 | -53.29% | <u>(77,731,483)</u> 210,927,654 | -36.85% |
| Asset Turnover: | | | | | |
| <i>Shows efficiency of asset used in operations</i> | Total Revenues/ Ave. Total Assets | <u>269,476,928</u> 8,587,068,597 | 0.03 | <u>210,927,654</u> 8,156,149,739 | 0.03 |
| Interest Rate Coverage Ratio: | | | | | |
| <i>Determine how easily a company can pay interest on outstanding debt</i> | EBITDA/ Interest Expense | <u>(85,568,097)</u> 39,298,203.00 | -2.18 | <u>(54,820,938)</u> 14,560,667.00 | -3.77 |

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
BUSINESS SEGMENTS
AS OF SEPTEMBER 30, 2023

Exhibit III

| | Sale of Real Estate and Leasing | Property Management | Insurance Brokerage | Travel Services | Other Income | Elimination | Consolidated |
|--|------------------------------------|------------------------|------------------------|--------------------|-----------------|--------------|---------------|
| Revenue | 221,610,085 | 32,572,304 | 3,790,318 | - | | | 257,972,707 |
| Segment Result | (113,113,705) | (165,185) | 717,999 | (39,449) | (15,500) | - | (112,615,841) |
| Interest expense/Bank charges | (39,298,203) | | | | | | (39,298,203) |
| Interest income | 11,486,113 | 1,196 | 1,323 | 15,590 | | | 11,504,221 |
| Dividend income | | | | | | | - |
| Gain on sale of PPE | | | | | | | - |
| Equity in net loss of associate | | | | | | (2,113,646) | (2,113,646) |
| Income taxes | (980,968) | 49,556 | (143,864) | | | | (1,075,276) |
| Income before minority interest | (141,906,764) | (114,433) | 575,457 | (23,859) | (15,500) | (2,113,646) | (143,598,745) |
| Minority interest | | | | | | | |
| Net Income | (141,906,764) | (114,433) | 575,457 | (23,859) | (15,500) | (2,113,646) | (143,598,745) |
| Other Information | | | | | | | |
| Segment assets | 8,537,684,234 | 99,175,414 | 11,111,124 | 1,260,573 | 366,817 | (68,373,992) | 8,581,224,169 |
| Investment at equity method | | | | | | | - |
| Unallocated corporate assets | | | | | | | - |
| Consolidated Total Assets | 8,537,684,234 | 99,175,414 | 11,111,124 | 1,260,573 | 366,817 | (68,373,992) | 8,581,224,169 |
| Segment liabilities | 2,150,404,602 | 35,042,140 | 5,147,429 | 30,157,788 | 76,979,421 | (98,638,127) | 2,199,093,253 |
| Unallocated corporate liabilities | | | | | | | - |
| Consolidated Total Liabilities | 2,150,404,602 | 35,042,140 | 5,147,429 | 30,157,788 | 76,979,421 | (98,638,127) | 2,199,093,253 |
| Capital expenditure | - | - | | - | | | - |
| Depreciation | 17,520,569 | 72,805 | 63,795 | - | | | 17,657,169 |
| Non-cash expenses other than depreciation | | | | | | | - |