	<b>PHILIPPINE REALTY AND HOLDINGS CORPORATION</b>	
	Title: <b>ENTERPRISE RISK MANAGEMENT</b>	Page   1
	Policy No. <b>P-2015-006</b>	Subject for review: <b>At least annually or when there is a need for modification</b>

## 1. INTRODUCTION

Philippine Realty and Holdings Corporation (“RLT” or “the Company”) recognizes that effective risk management is essential to achieving its strategic objectives and ensuring sustainable growth in the real estate industry. This Enterprise Risk Management (ERM) Policy provides a structured approach to identifying, assessing, mitigating, and monitoring risks that may impact the company’s operations, financial stability, and reputation.

## 2. PURPOSE

The purpose of this ERM Policy is to establish a structured and proactive approach to identifying, assessing, mitigating, and monitoring risks that may impact RLT’s ability to achieve its business objectives.

This ERM Policy seeks to create a more resilient and adaptive organization capable of navigating uncertainties while maximizing growth opportunities.

## 3. SCOPE

This ERM Policy applies to all RLT employees, including the board of directors, key management officers, consultants, project-based, outsourced staff, and other stakeholders.


## 4. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company adopts an ERM Framework to systematically identify, assess, mitigate, and monitor risks that may impact its operations, financial stability, and strategic objectives. This framework ensures that risk management is integrated into all aspects of the business, enabling informed decision-making and sustainable growth in the real estate industry.

RLT’s framework is built on the following key components:

### 4.1. Risk Governance.

Establishes clear roles and responsibilities for risk management across all levels of the organization. The Board of Directors provides oversight, while executive management ensures implementation and compliance.

	<b>PHILIPPINE REALTY AND HOLDINGS CORPORATION</b>	
	Title: <b>ENTERPRISE RISK MANAGEMENT</b>	Page   2
	Policy No. <b>P-2015-006</b>	Subject for review: <b>At least annually or when there is a need for modification</b>

Effective risk governance ensures accountability and oversight in managing risks. The governance structure includes:


- **Board of Directors:** Provides strategic oversight, approves risk policies, and ensures alignment with corporate objectives.
- **Management:** Implements risk strategies, ensures compliance, and integrates risk management into business operations.
- **Risk Officer:** Conducts risk assessments, develops mitigation strategies, and monitors risk exposure.
- **Department Heads and Employees:** Follow risk management guidelines, report potential risks, and implement mitigation measures.

#### 4.2. Risk Identification

Recognizes potential risks in real estate development, property management, and investment activities.

RLT's key risk categories include:

- *Market Risks*  
Economic downturns, fluctuations in property demand, competition, and changes in interest rates.
- *Financial Risks*  
Cash flow issues, investment losses, funding constraints, and credit risks.
- *Operational Risks*  
Construction delays, supply chain disruptions, safety hazards, and project execution challenges.
- *Regulatory Risks*  
Compliance with zoning laws, environmental regulations, tax policies, and industry standards.
- *Reputational Risks*  
Customer satisfaction, brand perception, ethical concerns, and public relations issues.
- *Information Technology Risks*  
Cybersecurity threats, data breaches, and system failures affecting business operations

	<b>PHILIPPINE REALTY AND HOLDINGS CORPORATION</b>	
	Title: <b>ENTERPRISE RISK MANAGEMENT</b>	Page   3
	Policy No. <b>P-2015-006</b>	Subject for review: <b>At least annually or when there is a need for modification</b>

#### 4.3. Risk Assessment

Evaluates the likelihood and impact of identified risks using qualitative and quantitative methods. Risks are prioritized based on their potential effect on business objectives.

RLT uses a simple risk rating scale (e.g., low, medium, high) to guide the assessment. This step helps the Company understand which risks pose the greatest threat to its objectives and operations.

#### 4.4. Risk Mitigation and Control

Develops strategies to minimize, transfer, or eliminate risks. This includes implementing internal controls, obtaining insurance coverage, establishing compliance measures, and developing contingency plans.

#### 4.5. Risk Monitoring and Reporting

Continuous monitoring and reporting ensure that risks are effectively managed and addressed. This includes:

- **Regular Risk Reviews:** Conducted to track risk exposure and effectiveness of mitigation strategies.
- **Risk Reporting:** Reports are submitted to management and the Board for review and decision-making.
- **Emerging Risk Identification:** Proactively identifying new risks that may arise due to market changes or business expansion.
- **Key Risk Indicators (KRIs):** The Company uses risk directory and simple risk ratings to measure risk levels and trigger immediate actions.

By adopting this ERM Framework, RLT strengthens its ability to navigate uncertainties, protect assets, and create long-term value for stakeholders while maintaining compliance with regulatory requirements and industry standards

### 5. CONTINUOUS IMPROVEMENT

RLT is committed to ensuring that its ERM framework remains dynamic, responsive, and effective in addressing the evolving risk environment. Continuous improvement is a core principle of the ERM process, which allows the Company to adapt to changes in business conditions, regulatory requirements, market trends, and emerging risks.

\*\*\* end \*\*\*