

COVER SHEET

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S.E.C. Registration Number

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

C O R P O R A T I O N

(Company's Full Name)

A N D R E A N O R T H C O M P L E X 1 B A L E T E

D R I V E C O R N D O M I N G O N E W M A N I L A

Q U E Z O N C I T Y

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

MARK ANTHONY RAMOS

Contact Person

1 2

Month

3 1

Day

17-A

FORM TYPE

631-3179

Company Telephone Number

0 6

Month

3 0

Day

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

N.A.

Amended Articles Number/Section

2,393

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

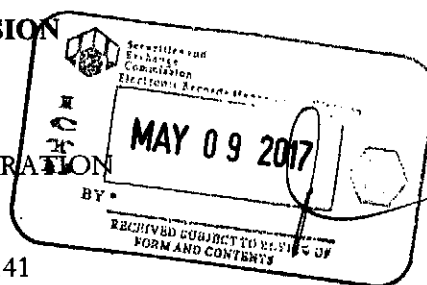
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SECURITIES AND EXCHANGE COMMISSION

Form 17- A

PHILIPPINE REALTY AND HOLDINGS CORPORATION

Annual Report Pursuant to Section 17
of the Securities Regulation Code and Section 141
of the Corporation Code of the Philippines



1. For the fiscal year ended: 31st December 2016
2. SEC Identification No. : 99905 3. BIR Tax Identification No.: 116-000-188-233
4. Registrant : Philippine Realty and Holdings Corporation
5. Country of Incorporation: Philippines 6. Industry Classification Code: Real Estate Developer
7. Address of principal office: Andrea North Complex, Balete Drive corner N. Domingo St.,
New Manila, Quezon City
- Satellite Office : 5/F, PSE Centre East Tower, Exchange Road, Ortigas Center
Pasig City
8. Registrant's telephone no.: 636-1170
9. The Registrant has not changed its corporate name and fiscal year.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Class	No. of shares of common stock outstanding	Debt Outstanding
Common	4,922,324,908 shares	P=0.00

11. The Registrant's common shares are listed on the Philippine Stock Exchange
12. The Registrant has filed all reports required to be filed by Section 17 of the Securities Regulation Code and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporate Code during the preceding 12 months.

The Registrant has been subject to such filing requirements for the past 90 days.

13. The aggregate market value of voting stocks held by non-affiliates representing 3,053,187,439 of outstanding common shares is P 1,251,806,849 computed on the basis of P0.41 per common share as of close of December 31, 2016.
14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

PART I

BUSINESS AND GENERAL INFORMATION

Item 1. Business

Philippine Realty and Holdings Corporation was incorporated on July 13, 1981 with an initial capitalization of P2 million. In 1986, the Company's capitalization was increased to P100 million to accommodate the entry of new stockholders. In September 1987, Philrealty became a public corporation. Its present authorized capital stock is P 8 billion, divided into 8 billion shares, of which 4.92 billion shares are outstanding and subscribed.

Philrealty's main real estate activity since it started operations has been the development and sale of residential/office condominium projects and to a limited extent, the lease of commercial and office spaces.

It has developed unique and trend setting projects: *The Alexandra*, the first to offer consumers the combination of high-rise condominium and subdivision living; *Philippine Stock Exchange Centre*, the official headquarters of the Philippine Stock Exchange, Inc. and home of the country's corporate and financial stalwarts; *The Alexis*, a low-rise condominium within an upscale subdivision; the exclusive *La Isla*; and *Casa Miguel*, a 4-storey walk-up residential condominium in San Juan, Metro Manila.

After the completion of the Philippine Stock Exchange Centre in January 1996, Philrealty launched its Andrea North project in the 2.8-hectare former Pepsi Cola property in New Manila, Quezon City. This project is an Alexandra-type upscale and high-rise condominium complex, which consists of five residential towers.

On November 16, 2012 the Company held the Ceremonial Concrete Pouring for its second tower in the Andrea North Complex named the Skyvillas Tower. The Company also completed the construction of its Showroom which showcases the model units of The Skyvillas Tower and an area dedicated for retail shops. Construction of the joint venture project, Icon Plaza at the Bonifacio Global City with Xcell Property Ventures, Inc. commenced in mid 2010 and is 74.28% completed as of year-end.

In 2002, the Company filed with the court a petition for corporate rehabilitation with prayer for suspension of payments. The Company settled its loan obligations with all the five creditor banks through dacion-en-pago, cash payments from the sale of assets and loan restructuring. The Company has completed another major component of the rehabilitation plan which is the completion of construction of the Andrea North Skyline Tower. In February 2011, the Company filed a Motion to terminate rehabilitation proceeding on the account of successful implementation of the Rehabilitation Plan. However, in November 2012 the court denied the Company's motion on the basis that it has still substantial obligations to pay in accordance with the court-approved rehabilitation plan.

As of December 20, 2013, the Company's liabilities to the contractor, Andrea North Skyline buyers and unsecured creditors were already paid, such that, the Company has filed a motion to terminate the rehabilitation proceedings on the account of the successful implementation of the rehabilitation plan, which was recently granted on March 31, 2014. The funds were sourced from the balance of the Company's receivables from its joint venture with Xcell Property Ventures, Inc. over two (2) parcels of land in BGC, which is projected to continue to be amortized over the same 14-month period and to be fully collected by December 2014.

On February 9, 2016, the SEC approved the Company's quasi-reorganization reducing the par value of its shares from P1.00 to P0.50 and the additional paid in capital arising from the

reduction of the par value will be subsequently applied to the Company's accumulated deficit. In addition, the Company plans to leverage its key understanding of the property market through its 5-pillar strategy. It plans to carry out this strategy through planned joint venture agreements with GPI ("Land Owner") and also partner with other investors to finance the projects. First, its residential growth focuses on the development and sale of a six (6) tower complex in Quezon City called One Balete. Second, the office development at the 6,400 sq. m. property in the Bonifacio Global City (BGC) will be the jewel in the strategies growth velocity. Third, securing long-term lease for the office and storage units in the Philippine Stock Exchange Center (Tektite) in Ortigas to generate additional recurring income. Fourth, leisure developments are also in the pipeline with three properties in key tourist areas that are available for hotel or retirement communities. Finally, master planned township development on the 35 to 50 hectare range area now being planned to fit into boutique development concept of the Company. The Company continues to explore new communities outside Metro Manila.

On January 4, 2017, the Regional Trial Court Branch 93 of Quezon City has issued a Certificate of Finality to certify that the order issued dated March 18, 2014 has become final and executory.

Significant Subsidiaries

In line with Management thrust to venture into non-real estate activities, Philrealty has organized/invested in the following subsidiaries and affiliates:

PRHC Property Managers, Inc. (100% owned)

PRHC Property Managers, Inc. (PPMI) was incorporated in May 1991 to oversee the administration, operation and monitoring of Philrealty's growing number of real estate properties. In order to be at par with other property managers such as Century Properties, Inc., FPD Saville Davis and Cuervo Far East, PPMI has expanded its property management services to include non-Philrealty projects. The clientele includes: Philippine Stock Exchange Centre, Icon Residences, LTA Condominium, Greenhills Properties' El Pueblo Real de Manila, Nobel Plaza Condominium, Andrea North Skyline Tower, The Pinnacle Condominium, Greenrich Mansion Condominium, Genato Investment, MDB Condominium and Philippine Stock Exchange, Inc.. PPMI ensures that said properties be operated and managed according to the established requirements and standards in the industry. PPMI is also engaged in the sale and leasing of managed buildings as well as other real estate.

Tektite Insurance Brokers, Inc. (100% owned)

Tektite Insurance Brokers, Inc. was incorporated in January 1989 as Philrealty Insurance Agency. Due to increasing demand, it was reorganized into an insurance brokerage firm in 1994. Major clients includes: A. Brown & Co., Inc., Philrealty Group, Bostik Phils., RG Meditron and Phil. Stock Exchange Centre Condominium Corporation.

Universal Travel Corporation (81.53% owned)

Universal Travel Corporation was incorporated in October 1993 and is engaged in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. UTC caters to Philippine Stock Exchange Centre's tenants.

Alexandra (USA), Inc. (45% owned)

Jointly owned with Greenhills Properties, Inc. (45%) and Warrenton Enterprises Corp. (10%) of William Cu-Unjieng, this company is involved in property development in Florida, USA. Amidst the real estate slump in the United States, the affiliate, incurred successive losses. Settlement of loan obligations could no longer be met which led to dacion en pago of the remaining lots in Orlando. In late 2011, AUI started the process of liquidation. Philrealty, on its part, provided for the impairment of advances and investment to AUI of about P 101.64 million.

Sultan Power Inc. (100% owned)

Sultan Power, Inc. was incorporated under Philippine laws and registered with the Securities and Exchange Commission (SEC) on March 19, 2015 as holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation. The Company is a wholly-owned subsidiary of PhilRealty, a publicly listed corporation organized and existing under the laws of the Philippines.

The principal products or services of PhilRealty, which are derived from domestic sales and their relative contribution to revenue, are as follows:

	2016	2015	2014
Sale of Land and Condominium Units	60.02%	76.20%	34.97%
Equity in Net Earnings of Joint Venture	26.41%	0.00%	0.00%
Net Underwriting Income	0.00%	0.00%	0.00%
Management Fees	5.31%	7.89%	4.91%
Commission	1.30%	2.66%	1.60%
Rental	3.28%	6.03%	5.10%
Interest and Other Income	3.68%	7.22%	53.42%
	100.00%	100.00%	100.00%

Related Party Transactions

The Company's related transactions were made in an arm's length basis. There was no special pricing policy between related parties. Further disclosures were made to Item No. 12 and to the Notes to Financial Statements No 25. The Parent Company engages the services of its subsidiary, PRHC Property Managers, Inc. (PPMI) in managing company-owned properties. PPMI, on the other hand, purchased a condominium unit back in 1996 from the Parent Company, which is fully paid as of to date. The Parent Company also secures insurance through subsidiary, Tektite Insurance Brokers, Inc. The Parent Company is given 90-day period within which to settle the premiums, the same period granted to any assured. Also, the Parent Company extends interest-bearing financial assistance to its subsidiary, PPMI for working capital purposes.

Major Risk/s of the Parent Company and Subsidiaries

The major factors affecting the company's business are:

Property development is a highly competitive business environment

Philippine Realty & Holdings Corporation operates as a provider of dwelling places for the high-end and upper-middle real estate markets in the Philippines. This is a highly competitive segment due to proliferation of high-end real estate developers in the market. Philippine Realty & Holdings Corporation competes with a significant array of real estate developers and developments to attract potential owners of land and residential units, office and retail tenants as well as property management firms. Should Philippine Realty & Holdings Corporation fail to attract buyers for its developments due to the proliferation of competition within its segment, its business and results of operations could be affected.

Philippine Realty & Holdings Corporation continues to maintain its core values of quality, design, attention to detail and innovation. It also tries to continually maintain its personal service to its residents, tenants and unit owners in order to maintain its competitiveness in the high-end and upper-middle real estate markets in the Philippines.

Company is exposed to risks inherent in the Philippines property market as the Company's properties are all in the Philippines

Philippine Realty & Holdings Corporation derives its revenue and operating profits from property investment and development operations in the Philippines. Thus, the Company is directly affected by the risks that affect the Philippine property market as a whole. In general, the Philippine property market is determined by the strength of the Philippine economy, the spending capacity of buyers and the availability of other equally priced properties. However, the property market now has also been affected by social trends, changing spending patterns and consumer sentiment in the Philippines, which in turn are likewise influenced by economic, political and social conditions in the Philippines.

Present day economic and political uncertainties in the Philippine may have adverse effects on consumer spending habits, construction costs, availability of labor and materials and other factors affecting the Company. Significant expenditures are associated with investment in real estate. Because Philippine Realty & Holdings Corporation's properties and investments are all in the Philippines, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect its profitability.

Timely development of Philippine Realty & Holdings Corporation's project is dependent on various factors

Philippine Realty & Holdings Corporation's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully. Philippine Realty & Holdings Corporation may invest significant time and money in a project, which may not be commercially viable. Obtaining governmental approvals and permits may also take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget. In addition, time and the costs involved in completing the development and construction of its projects can be adversely affected by many factors, including shortage of materials, equipment and labor, adverse weather conditions, Peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, Philippine Realty & Holdings Corporation may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect Philippine Realty & Holdings Corporation's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect Philippine Realty & Holdings Corporation's results of operations for that year. Further, the failure by Philippine Realty & Holdings Corporation to complete the construction of a project to its planned specifications or scheduled may result in contractual liabilities to purchasers and lower returns.

If any of Philippine Realty & Holdings Corporation's projects experience construction or infrastructure failures, design flaws, quality control issues and other factors resulting in significant project delays, this could have a negative effect on Philippine Realty & Holdings Corporation's reputation and make it more difficult to attract new customers to its projects, thus impairing Philippine Realty & Holdings Corporation's ability to reduce its capital investment requirements. Philippine Realty & Holdings Corporation cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its result of operations or financial condition.

Philippine Realty & Holdings Corporation through its project management team, has made it a policy to conduct strict monitoring of project milestones in order to timely address any issues during project planning, design, construction up to the hand over of the units to the owners.

Philippine Realty & Holdings Corporation may be unable to successfully manage its growth

Philippine Realty & Holdings Corporation intends to continue to pursue aggressive growth strategy for its real estate business. Philippine Realty & Holdings Corporation's growth strategy for its land development business may require a reallocation of management resources away from its current daily operations and will also require the Company to manage relationships with greater number of customers, suppliers, contractors, service providers, lenders and other third parties. In the course of implementing its growth strategy, Philippine Realty & Holdings Corporation may experience capital constraints, construction details, operational difficulties at new operational locations or difficulties in operating existing business and training personnel to manage and operate the expanded business. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on Philippine Realty & Holdings Corporation's reputation and on its business, results of operations or financial condition.

Philippine Realty & Holdings Corporation carefully selects its projects, ensuring resources are properly identified, quantified and allocated to ensure such projects are successfully completed, on schedule, within budget and based on quality specifications.

Competition for the acquisition of land for new projects may adversely Philippine Realty & Holdings Corporation's business

Philippine Realty & Holdings Corporation's growth and development are dependent on its ability to acquire or enter into agreements to buy and develop additional tracts of land suitable for Philippine Realty & Holdings Corporation's planned real estate projects. The Company may encounter difficulty in negotiating with landowners to sell their land to Philippine Realty & Holdings Corporation. The Company may also experience difficulty in locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. Should Philippine Realty & Holdings Corporation fail to acquire and/or develop suitable land at acceptable prices and with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

Philippine Realty & Holdings Corporation carefully selects its projects and limits its acquisitions to land that would be used in the short term and medium term. The Company maintains good relationships with brokers and landowners of prospective projects in order to be prioritized in the event of sale.

Substantial Sales cancellations involving Philippine Realty & Holdings Corporation projects could adversely affect the business of Philippine Realty & Holdings Corporation

Philippine Realty & Holdings Corporation's business, financial condition and results of operations could be adversely affected by the material number of cancellations of unit sales in its projects. RA 6552 or the Maceda Law covers the business of Philippine Realty & Holdings Corporation as it applies to all transactions or contracts involving the sale or financing of real estate through installment payments. Under the said law, buyers who have paid at least two (2)

years of installments are granted a grace period of one (1) month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five (5) years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two (2) years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While Philippine Realty & Holdings Corporation has not experience a material number of cancellations to which RA 6552 has applied, there can be no assurance that it will not experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. In Addition, particularly during an economic slowdown or downturn, there can be no assurance that Philippine Realty & Holdings Corporation would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on Philippine Realty & Holdings Corporation's business, financial condition and results of operations. Furthermore in the event that Philippine Realty & Holdings Corporation experiences a material number of sales cancellations, investors are cautioned that Philippine Realty & Holdings Corporation's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations.

Independent contractors, who may meet Philippine Realty & Holdings Corporation's quality standards or complete projects on time and within budget, may not be readily available to Philippine Realty & Holdings Corporation

Philippine Realty & Holdings Corporation primarily relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fit-out works. There can be no assurance that Philippine Realty & Holdings Corporation will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within Philippine Realty & Holdings Corporation's budget, which could result in costs increases or project delays.

Further, although Philippine Realty & Holdings Corporation personnel actively supervises the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match Philippine Realty & Holdings Corporation requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and Philippine Realty & Holdings Corporation may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on Philippine Realty & Holdings Corporation's business, financial condition and results of operations.

The Company continues to carefully select and expand its network of accredited contractors through the process of prequalification prior to any bidding. The Company likewise strictly monitors the development of each project from the planning, design, construction up to the hand over to unit owners. Furthermore, Philippine Realty & Holdings Corporation requires its contractors to provide a performance bond and surety bond to ensure their satisfactory performance in the projects.

Philippine Realty & Holdings Corporation may be liable for construction defects and other building related claims

The Civil Code makes property developers such as Philippine Realty & Holdings Corporation liable to ensure the structural integrity of the structures they build for a period of 15 years from the date of the completion of the same. Property developers are also liable for hidden defects in the units they

sold when such use is the defects render the unit unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. The law gives the buyer six months from the delivery of the unit to enforce the said warranty.

RA 6541 or the National Building Code further makes Philippine Realty & Holdings Corporation and its officials liable for administrative fines or criminal penalties in case of any violation of its provisions with respect to the design and construction of buildings.

Philippine Realty & Holdings Corporation does not make any assurance that it will not be held liable for damages, the cost of repairs, and/or expense of litigation surrounding possible claims or that claims will not arise out of not subject to effective indemnification agreements with the contractors of Philippine Realty & Holdings Corporation. Philippine Realty & Holdings Corporation cannot ensure that the contractors it will hire will be able to either correct any such defects. A material number of claims arising from structural or construction defects could have a material adverse effect on the reputation, business, financial condition and results of operation of Philippine Realty & Holdings Corporation.

The Company ensures the satisfactory performance of its contractors with careful selection through prequalification prior to any bidding. The Company likewise strictly monitors the development of each project from the planning, design, and construction up to the hand over to unit owners. Furthermore, Philippine Realty & Holdings Corporation requires its contractors to provide a performance bond and surety bond to ensure their satisfactory performance in the projects.

Philippine Realty & Holdings Corporation also protects its investments with an all-risk insurance policy for construction.

Philippine Realty & Holdings Corporation may suffer losses that are not covered by its insurance

Philippine Realty & Holdings Corporation may be negatively affected due to the occurrence of typhoons, severe storms, earthquakes floods, fires or other natural disasters or similar events. Although the Company carries an all-risk insurance policy for all its current and ongoing projects against catastrophic events and business interruption insurance, in amounts and with deductibles that the Company believes are in line with general real estate industry practices, not all risks can be insured against. There are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Company relies on third party brokers to sell its condominium projects

Third party brokers who market and sell Philippine Realty & Holdings Corporation projects also act as brokers for other developers in the same markets Philippine Realty & Holdings Corporation operates. Philippine Realty & Holdings Corporation cannot ensure that these brokers will not favor other developers over the interests of Philippine Realty & Holdings Corporation. Philippine Realty & Holdings Corporation's business, financial condition and results of operations and prospects could be adversely by the refusal of these third party brokers to sell and/or lease for Philippine Realty & Holdings Corporation.

Philippine Realty & Holdings Corporation has its own in-house sales team as well as programs to maintain and expand its broker network. Philippine Realty & Holdings Corporation also makes its projects attractive so that brokers will prioritize the Company's projects in marketing and offering to

prospective buyers.

Philippine Realty & Holdings Corporation joint venture partner/s may have interests that differ from Philippine Realty & Holdings Corporation interests and may take actions that adversely affect Philippine Realty & Holdings Corporation

Joint venture partner/s of Philippine Realty & Holdings Corporation may have economic or business interests or goals inconsistent with or different from those of Philippine Realty & Holdings Corporation's. Disputes between Philippine Realty & Holdings Corporation and its joint venture partner/s may arise from joint venture partner/s' actions contrary to Philippine Realty & Holdings Corporation's policies, objectives, instructions or requests. It is likewise possible that the joint venture partner may not be able to meet its obligations due to Philippine Realty & Holdings Corporation. The above-mentioned possibilities may have a material adverse effect on Philippine Realty & Holdings Corporation's results of operations and financial conditions.

Philippine Realty & Holdings Corporation carefully chooses its joint venture partner and ensures proper due diligence and contract management to mitigate such risks.

Philippine Realty & Holdings Corporation shall, at any given time, consider business combination alternatives

Although Philippine Realty & Holdings Corporation's loan covenants contain certain restrictions on business combinations, Philippine Realty & Holdings Corporation can opt to engage in certain types of business combinations. Business combinations involve financial and operational risks and could result in significant changes to Philippine Realty & Holdings Corporation's operations, management and financial condition.

Investors nonetheless are assured that Philippine Realty & Holdings Corporation takes into consideration its existing debt obligations and concomitant debt covenants in making any major business investments or acquisitions. Any financial commitments under such business combinations are evaluated in terms of the inflow of revenues of such projects and their ability to service their own financial requirements once fully operational.

Change in accounting principle for real estate sales (Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate) will change the Company's revenue recognition for sale of condominium units

This new interpretation requires that revenue on construction of real estate be recognized only upon completion except when such contract qualifies as construction contract to be accounted for under Philippine Accounting Standard 11, construction contracts, which is based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the International Accounting Standards Board issues the final revenue standard and an evaluation of the requirements of the final revenue standard against Philippine real estate industry practices is completed. Adoption of this interpretation will result to a change in the revenue recognition of the Company on sale of condominium units and accounting for certain pre-selling costs.

The Company continues to assess the impact of this change in principle to its financial results. In addition, it also intends to do more short-turnaround projects to be able to recognize revenues year-on-year even based on completed projects. These short-turnaround projects will allow the Company to have completed projects per year therefore creating a more stable revenue and income stream from development.

Philippine Realty & Holdings Corporation operates in a regulated environment

Philippine Realty & Holdings Corporation's development of condominium projects is subjects to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirements to procure a variety of environment and construction-related permits. In addition, projects located on agricultural land must get clearance from DAR so that the land can be reclassified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at eh expense of Philippine Realty & Holdings Corporation.

PD 957 and Batas Pambansa Blg. 220 are the principal statutes covering the development and sale of condominium projects for residential or commercial purposes. HLURB is the administrative agency of the government that enforces laws and regulations on:

- Suitability of the site;
- Road access;
- Necessary facilities;
- Open spaces;
- Water supply;
- Sewage disposal system;
- Electricity supply;
- Length and unit sizes; and
- Construction

Completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities are pre-requisites to the approval of the development plans. Prior approval of the relevant Government unit shall also be required for the alterations of the approved plans that affect significant areas of the projects. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party. Philippine Realty & Holdings Corporation cannot ensure that it will be able to obtain governmental approvals for its projects or that when given; such approvals will not be revoked.

Philippine Realty & Holdings Corporation Is subject to numerous environmental laws and regulations relating to the protection of the environment, human health and human safety. These include laws and regulations governing air emissions, water and wastewater discharges, odor emissions and the management and disposal of, and exposure to, hazardous materials.

Developers of environmentally-sensitive projects or others cases at the discretion of the DENR regional office may be required to submit a detailed Environmental Impact Assessment in order to obtain an ECC to certify that the projects will not have an unacceptable environmental impact. Philippine Realty & Holdings Corporation cannot assure its investors that current or future environmental laws and regulations applicable to Philippine Realty & Holdings Corporation will not increase the costs of conducting its business above currently projected levels or require future capital expenditures Philippine Realty & Holdings Corporation may be required to pay a fine and incur costs for any violation of an ECC or damage or injury to buyers or any third party due to environmental hazards on land where the projects are located.

While Philippine Realty & Holdings Corporation commits to exert efforts to comply with existing rules, regulations and laws governing their operations, it cannot foresee what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

Philippine Realty & Holdings Corporation employs several significant employees

Philippine Realty & Holdings Corporation's Boards of Directors and management executives are, and continue to be, vital to its successful operations. In the event of their departure, the loss of their intelligence, ability, experience and connection could prove difficult to replace and can cause a decline in the Company's overall performance. If the Company loses the services of any such significant employee and is unable to subsequently fill the resulting vacancy with equally qualified candidates, its business, operations and financial performance may be adversely affected. Please refer to the section entitled "Employees" located on page 54 of this Prospectus.

Risk Factors Relating To The Philippines

The Philippine economy and business environment may be disrupted by political or social instability.

The Philippines has from time to time experienced severe political and social instability, including acts of political violence. In 2001, allegations of corruption against former President Joseph Estrada resulted in protracted televised impeachment proceedings against him. These proceedings were followed by widespread street demonstrations and public withdrawal of support for Estrada by the military that eventually forced Estrada to resign. On July 27, 2003, over 270 military officers and soldiers conducted an unsuccessful coup d'état against Estrada's successor, President Gloria Macapagal-Arroyo, due to allegations of corruption. After the May 2004 elections, President Arroyo was re-elected and persistent accusations of corruption and electoral fraud were made against Arroyo during her second term. On February 24, 2006, another attempted coup d'état led President Arroyo to issue Proclamation 1017, which was criticized as a virtual declaration of martial law. The Supreme Court of the Philippines later declared portions of Proclamation 1017 unconstitutional.

On November 23, 2009, in the southern island of Mindanao's Maguindanao province, approximately 100 armed men allegedly affiliated with the Ampatuan political family murdered 58 persons, including members of the Mangudadatu family (the Ampatuans' political rivals in the province), lawyers, journalists and aides accompanying them, and motorists whose vehicles were behind the Mangudadatus' vehicles. The Maguindanao Massacre is considered as the worst election-related violence in Philippine history and the single worst killing of media workers in the world. As such, President Arroyo declared martial law over Maguindanao and deployed hundred of police and military troops in the area in order to capture the perpetrators of the killings.

On December 12, 2011, the Philippine House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines. The impeachment complaint accused Chief Justice Corona of improperly issuing decisions that favored former President Arroyo, as well as failure to disclose certain properties, in violation of rules applicable to certain Government officials. On May 29, 2012, Corona was found guilty of Article II of the Articles of Impeachment filed against him pertaining to his failure to disclose to the public his statement of assets, liabilities, and net worth.

Most recently in the 2nd half of 2013, the Priority Development Assistance Fund scam (PDAF scam) was exposed. It is estimated that the Philippine government was defrauded of some ₱10 billion in the course of the scam. Funds were said to have been diverted to the scam's mastermind Janet Lim-Napoles, participating members of Congress and other government officials. To date Napoles, and three senators have been arrested and are currently detained. The current administration continues to pursue anti-corruption investigations.

Any future political or social instability in the country could adversely affect the business operations and financial condition of Philippine Realty and Holdings Corp.

Economic instability could have a negative effect on the financial results of the Company

The growth and profitability of Philippine Realty and Holdings Corp, as any business for that matter, is greatly influenced by the economic situation of the Philippines. Any economic instability in the future may have a negative effect on the financial results of Philippine Realty and Holdings Corp and the level of dividends paid and distributions made by Philippine Realty and Holdings Corp.

Over the years, the Philippines have experienced periods of slow or negative growth, high inflation, unforeseen devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and significant rise in oil prices.

The Asian financial crisis in 1997 resulted in higher interest rates, slower economic growth, and a significant reduction in the country's credit ratings, which ultimately resulted in the depreciation of the Peso.

In order to combat the negative impact of the financial crisis, the government introduced reform measures in the fiscal and banking sectors resulting in improved investor confidence and increased economic activities. In 2010, the economy grew by 7.3% buoyed by the election spending in the first half of the year. The 2011 GDP growth however came in below expectations at 3.7%, a slump that was quickly turned around in 2012.

2012 was the year the Philippine economy saw momentous growth with its first investment grade rating of BBB- by Fitch. This was also the year the country gained a total of US\$2.03 billion from foreign direct inflows (a growth of 9.8%), along with strong GDP growth of 6.6%. Among all industries, real estate was one of the main channels for investment.

In FY 2013 the Philippine economy expanded by 7.2%, the highest GDP growth in the last two years. The services sector supported the uptrend with the industrial sector gaining significant traction. Despite an increasing inflation rate, consumption spending remained buoyant as lending rates continued to be at their lowest levels while OFW remittances posted its record amount for FY 2013.

The beginning of 2014 saw a slight fall in GDP due to the lingering effects of super typhoon Haiyan. However as of the 2nd quarter of 2014, the country posted a 6.4% GDP growth rate. With a positive outlook of hitting 6.5-7.5% growth by the end of the year, the Philippine economy remains one of the most promising globally.

Despite this economic upswing, no assurance can be given that Fitch's, Moody's, Standard & Poor's or any other international credit rating agency will not in the future, downgrade the credit ratings of the Philippines which will affect Philippine companies including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company to raise additional financing and the interest rates and other commercial terms at which such additional financing will be made available.

While Philippine Realty and Holdings Corp shall continue to adopt conservative policies to protect its operations and finances, any deterioration in the economic conditions of the country could affect Philippine Realty and Holdings Corp's financial condition and operations.

Natural disasters adversely affecting the business of the Company

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions and earthquakes.

In 2013 alone, the country was affected by one major earthquake and one super typhoon. On October 15, 2013 a 7.2 magnitude earthquake occurred just 6 kilometers off the island of Bohol,

affecting the whole of central Visayas region. According to official results, 222 were reported dead, 8 were missing, and 976 people were injured. In all, more than 73,000 structures were damaged, of which more than 14,500 were totally destroyed including a number of centuries old heritage buildings. It was the deadliest earthquake in the Philippines in 23 years. One month after on November 8, 2013, Typhoon Haiyan, one of the strongest tropical cyclones ever recorded, hit central Philippines causing catastrophic damage to throughout Eastern Visayas. At least 6,300 people were killed.

These natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

Philippine Realty and Holdings Corp maintains comprehensive insurance against natural catastrophes to cover its various developments.

Risk Factors Relating To The Common Shares

The Company's shares are subject to Philippine foreign ownership limitations

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of the companies engaged in certain activities.

In connection with the ownership of private land, Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. As of the date of this Prospectus, the Company owns land.

Since the Company owns land, at least 60% of the outstanding capital stock of the Company must be owned by Philippine Nationals (as this term is defined under the Foreign Investments Act of the Philippines) in order for the Company to comply with the restrictions on foreign ownership of private land.

Considering the foregoing, foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock entitled to vote. Accordingly, the Company cannot allow the issuance or transfer of shares to persons other than Philippine Nationals and cannot record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Any future equity offerings may lead to dilution of a holder's shareholding in the Company and actual or anticipated sales of a substantial number of Common Shares could decrease the market prices of the Common Shares

Holders of Common Shares at the time of Listing may experience dilution of their shareholding to the extent the Company makes future equity offerings. Further, sales of a substantial number of Common Shares after the consummation of the Listing with the PSE or the anticipation of such sales could decrease the trading price of the Common Shares. In addition, in the event additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing shareholders since the amended articles of incorporation of the Company contains a waiver of preemptive rights, the percentage ownership of existing shareholders may be diluted. Such securities may also have rights, preferences and privileges senior to those of the Common Shares.

Developments in other emerging market countries may adversely affect the Philippine economy and, therefore, the market price of the Common Shares

In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially other countries in Southeast Asia, as well as investors' responses to those conditions.

Although economic conditions are different in each country, investors' reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. For example, the 1997 Asian economic crisis triggered market volatility in other emerging market countries' securities markets, including the Philippines. Accordingly, adverse developments in other emerging market countries could lead to a reduction in the demand for, and market price of the Common Shares.

The ongoing recession experienced by Europe and the U.S. may have negative and unpredictable effects on the international, U.S. or Philippine economies or financial markets. The Company cannot predict what future effects these events may have on investor' prescriptions of risk regarding investments in equity securities of companies in emerging markets or equity securities generally.

Philippine Economic Conditions

Since the breakout of the Asian financial crisis in mid-1997 the company has been adversely affected by a general economic slowdown in the Philippines which has shattered business and consumer confidence and reduced incomes. The slowdown in GDP growth from an annual compound rate of 4.5% during the period from 1993 to 1997 to 3.2% from 1998 through 2002 has depressed demand for housing and office space. Beginning 2004, the economy has staged a modest recovery, interrupted only temporarily by the great recession in 2009. The creditable growth can be attributed to the reining in of the government's budget deficit which has stabilized the value of the peso, with the help of the sustained growth of OFW remittances and the strong performance of the business process outsourcing sector. This positive economic environment has given a boost for the real estate industry.

Level of Interest Rates

The cost of housing is made up of the cost of land, construction and financing. Mortgage rates in the Philippines have generally been higher compared to other countries due to higher inflation and the financial system's low liquidity and inefficiencies. Since 2002, annual inflation has been subdued at about 1.5%, leading to single-digit Treasury Bill rates and sometimes even mortgage rates. The lower financing cost has made housing more affordable to a larger segment of the population.

Remittances of Overseas Filipino Workers

The lack of employment opportunities locally and the opening up of foreign labor markets has driven more and more Filipinos to work abroad. Combined with the higher skills requirement for the new job opportunities, the labor migration has resulted in better paying jobs and thus, increased remittances to the Philippines. This phenomenon has been one of the driving factors for the housing industry in recent years, making up for the lackluster local incomes.

Government Programs

In 2002, the Pag-ibig Fund (Home Development Mutual Fund) came out with increased loanable amounts and lower interest rates for members. The loan features were further improved in 2004. Of interest to the company is the program which allows a member to borrow up to P3 million for a term of thirty (30) years, at an interest rate of 11.5% per annum, and with a down payment for the unit of only 20% payable while the unit is under construction or development. Similarly, the HDMF has instituted a Medium/High Rise Condominium Building financing program for developers. With the trend towards smaller condominium units, these two programs have given the sector a reliable source of

funding.

The following procedures are being undertaken to manage risks involved in the Company and Subsidiaries:

Instead of undertaking its own property development, the Company has entered into joint ventures with a more financially capable corporation for its properties in the Bonifacio Global City. With regard to its loans, the Company has fully paid its debt through dacion-en-pago and sale of assets.

Financial and Capital Risk Management are further discussed in Notes 6 and 7 of the attached Audited Financial Statements.

Distribution Method

Condominium sales are being handled by property consultants supervised by an out-sourced marketing firm, The Property Forum, Inc. A new marketing firm is hired to sell the Company's upcoming tower in its Andrea North Complex in New Manila.

Competition

Generally, the major players in the high-end residential and office condominium sector are Megaworld Corporation, Ayala Land, Inc., Federal Land, Inc., Century Properties, Inc., Robinsons Land Corporation and Rockwell Land Corporation. The Parent Company's completed projects have been concentrated at the Ortigas Center, but it has extended its operations to New Manila, Quezon City where it is developing a residential condominium complex and to the Bonifacio Global City where it has acquired land and which the Company contributed to its joint ventures with Xcell Property Ventures, Inc. The Company resumed the construction of its Skyline Tower located at Balete Dr., New Manila, Quezon City in February 2009 and completed it in September 2011 for a total development completion cost of P1.1B. The construction of the second tower of Andrea North Complex is on its final stage.

Metro Manila Residential Supply

In the Makati CBD, three new condominium projects were completed in 4Q 2012 totalling 792 units. These were Raffles Residences, Greenbelt Madison, and the Grand Midori Tower 1. In 2013, the level of new supply to be introduced in the CBC will hit a record high at 2,825 units, most of which are Grade A residential condominiums.

In all sub-markets, total residential stock stood at over 53,000 units as of end-2012. Over the next four years, some 23,600 new units or an annual average of 5,900 units will be introduced. The Bonifacio Global City will have the strongest supply pipeline and subsequently the highest level of stock by 2015.

Quezon City/New Manila Market

The Quezon City market remains to be a very attractive market since most developers have opted to position in the main CBDs of Makati, Ortigas, Eastwood and Rockwell. There are still few players developing but this has rapidly increased in the last few years due to high land values in the CBDs. Evident are the emerging new areas of Ayala technohub and Eton Centris. Still, Quezon City has the largest population and therefore, packs a lot of potential.

Financial Strategy

The project will be financed mostly coming from loans and internally generated

funds and less aggressive pre-selling activities with a projected sell out within 1-2 years from launch. Prospective buyers will be offered discounts for cash purchases. Basic payment terms will require at least 10 to 60 percent downpayment payable over at 24 months with balance payable upon turnover of the unit.

Marketing Strategy

Philrealty has constructed a showroom with model units inside the property. The project will offer highly-efficient unit layouts that are larger in size compared to those currently available in the market. The units and common areas will be highly illuminated and ventilated making them energy-efficient and environment-friendly. Potential buyers of other developments offering smaller unit cuts will find great value in this development. Apart from this, the almost-center location of the project will be a product differentiator in itself.

Sales Strategy

Having the model units and marketing office on site will make the product accessible to the buyers. A new marketing team is employed to sell the second tower of Andrea North Complex.

Direct Competition

Currently, the competition within the area would still be the Magnolia Residences by Robinsons Land Corp, and Pinecrest by Crown Asia. Robinsons is offering units from 1 Br to 3 Br constructed on 4 towers of about 35 floors each. Total inventory is about 800 units all in all. Pinecrest has smaller units constructed on 3 mid-rise towers averaging 10 floors each for a total of about 600 units.

Other newer developments in the area may also be competing within the project niche; however, the location has a big advantage over the other development in the vicinity, being the preferred site for new investments.

Also the new Robinsons Magnolia Mall New Manila opened in mid 2012 which increased the marketability and land values in the surrounding New Manila area.

Sources and Availability of Materials

The company does not maintain its own design team or construction outfit. Architectural and engineering design consultants are commissioned on a per project basis depending on the nature and magnitude of the task. Construction is bidded out on a competitive basis to a pre-qualified group of contractors. The company maintains its own project management team, but also relies on independent outfits from time to time.

Customers

The Company sells its condominium units to individual personal and corporate buyers. No single client accounts for a recurring significant percentage of sales.

Government Regulations

Condominium development is governed primarily by P.D. 957 as amended (Regulating the Sales of Subdivision Lots and Condominiums), R.A. No. 4726 (Condominium Act) and R.A. No. 7160 (Local Government Code). Projects are subject to zoning laws of the city or municipality where they are located. Developers are also required to obtain a development permit from the Housing and Land Use Regulatory Board which is also in charge of issuing License to sell and Certificate of Registration. An Environmental Clearance Certificate must also be secured from the Department of Environment and Natural Resources. The Company has complied with all

governmental requirements and there is no pending application with any government agency that requires approval.

Patents and Trademarks

The company has registered with the Intellectual Property Office (IPO) the logo of one of its finest projects La Isla, a residential condominium located at Ortigas Center. It was registered last May 8, 2001 with Registration No. 4-1994-96927. The registration will be effective for twenty (20) years. It also registered the logo and name of Philippine Realty and Holdings Corporation, a developer of trend setting projects like the Philippine Stock Exchange Centre, The Alexandra, La Isla and Casa Miguel as well as the logo and the name Andrea North Tower and Skyline Tower for its project located at New Manila, Quezon. The names of the four (4) towers to be constructed in the complex were also registered namely: Skyview, Skylight, Skyvillas and Skyscape Towers.

Employees

Philrealty has a total workforce of 42 employees as of December 31, 2016, categorized as follows:

Administrative	23
Operations	2
Managerial	9
Executive	10
Total	44

The Company expects to more or less maintain its number of employees in the next 12 months. There is no existing Collective Bargaining Agreement (CBA) between the Company and its employees. The employees are not on strike, have not been on strike for the past three years and are not threatening to strike. The Company has the following supplemental benefits for its employees: (a) Health Care; (b) Group Life Insurance; (c) Retirement Fund and (d) Profit sharing per Company's By-Laws.

Item 2. Properties

(A) Landbanking

	Location	Area in sqm.	Title No.
Land Estate Held for Development			
and/or Capital Appreciation		14,716.21	N-157138/157139/157137
New Manila., Quezon City			

(B) Properties and Equipment

The properties and equipment of Philrealty and its subsidiaries are located at its principal place of business.

(C) Leased Properties

Philrealty has also leased some of its office unit, storage units and parking slots located at Philippine Stock Exchange Centre to individuals or corporations at prevailing rates. The contracts of lease are renewable for periods ranging from one to five years.

Item 3. Legal Proceedings

The Company has a lawsuit pending decision by the Supreme Court, as follows:

In 1998, the Company sued Universal Leisure Corporation (ULC) for failing to pay the remaining sales price of condominium units. ULC bought several condominium units under two Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of P32.5 million and P32.4 million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables from DMCI Project Developers, Inc. (DMCI) and Universal Rightfield Property Holdings, Inc. (URPHI). These receivables are allegedly owed by the Company to DMCI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Company, DMCI and URPHI. The Company was ordered to deliver to ULC the titles of the condominium units and return to ULC, as assignee of defendants DMCI and URPHI, the amount of P24.7 million and pay attorney's fees of P600,000. The Company appealed the decision to the Court of Appeals which affirmed the trial court's decision. During 2011, the Company provided an allowance of P15,507,800 for accounts receivable that are deemed not recoverable from ULC. In December 2012, the Company filed a motion for Reconsideration and the same was denied. Thereafter, the Company filed a Petition for Review on Certiorari with the Supreme Court where the matter is still pending as of reporting date.

In addition, the Company is involved in certain claims and pending lawsuits arising in the ordinary course of business which is either pending decision by the courts or under negotiation.

Management believes that the final settlement, if any, of the foregoing lawsuits or claims would not adversely affect the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

Part II

OPERATIONAL INFORMATION

Item 5. Market for Registrant's Common Shares and Related Stockholder Matters

Market Information

Principal market for the Registrant's

Common shares

: Philippine Stock Exchange

High and Low Sales Prices for each quarter for years 2014, 2015, and 2016 based on
Philippine Stock Exchange's Daily Quotation Report

	2 0 1 4		2 0 1 5		2 0 1 6	
	High	Low	High	Low	High	Low
1st quarter	0.68	0.43	0.55	0.49	0.48	0.48
2nd quarter	0.65	0.63	0.44	0.44	0.44	0.44
3rd quarter	0.60	0.60	0.39	0.39	0.41	0.41
4th quarter	0.48	0.48	0.45	0.41	0.40	0.40

Holders

As of December 31, 2016 the Company had 2,393 stockholders. The list of the top twenty stockholders of the Company as of December 31, 2016 is as follows:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
PCD Nominee Corporation	Filipino	2,086,197,202	42.38%
Greenhills Properties, Inc.	Filipino	1,755,779,066	35.67%
A Brown Company, Inc.	Filipino	278,505,248	5.66%
Campos, Lanuza & Co., Inc.	Filipino	275,346,201	5.59%
Philex Mining Corporation	Filipino	68,865,002	1.40%
Belson Securities, Inc.	Filipino	30,580,956	.62%
Socorro C. Ramos	Filipino	21,291,750	.43%
Universal Travel Corp.	Filipino	15,807,000	.32%
Brisot Economic Dev. Corp	Filipino	15,280,621	.31%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	.31%
Ramon de Leon	Filipino	11,810,854	.24%
Ricardo Leong	Filipino	11,810,854	.24%
Calixto Laureano	Filipino	11,810,854	.24%
Consuelo Madrigal	Filipino	11,500,000	.23%
Gerardo Domenico Antonio Lanuza	Filipino	9,843,366	.20%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	.15%
Meridian Securities	Filipino	6,269,888	.13%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	.12%
Guild Securities	Filipino	5,597,712	.11%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	.11%
Citisecurities, Inc.	Filipino	5,408,078	.11%
National Bookstore, Inc.	Filipino	5,393,450	.11%
Total		4,661,147,084	94.68%

Dividends

No dividend was declared by the Company since its last declaration on October 24, 1995.

There are no unappropriated retained earnings to be distributed to stockholders since 1997. In 1996, the Board of Directors approved the appropriation of P250 million of the Company's retained earnings for the purchase of its own capital stock.

Recent sales of unregistered securities

There were no sales of unregistered securities.

Part III
FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis or Plan of Operation

Refer to 1-B hereof. There are no material off-balance sheet transactions during the reporting period.

Item 7. 2014 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries

Refer to Exhibit 2 hereof

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The auditing and accounting firm of Maceda Valencia & Co. is the Company's Independent Public Accountants appointed in the 2016 Annual Stockholders Meeting. There was no event where Maceda Valencia & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Audit and Audit Related Fees

The professional fees of independent auditors Maceda Valencia & Co., for 2016 and 2015 amounts to P920,000 P880,000, exclusive of VAT, respectively. Out of pocket expense is pegged at 15% for 2016 and 2015.

Tax Fees

We did not engage the services of our auditor, Maceda Valencia & Co. with regard to tax services.

PART IV
MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

Gerardo Lanuza, Jr./ 70 – Other Alien/Spanish

Mr. Lanuza has served as Director of PRHC since 1981 and is the current Chairman of the Board. He has served as such Chairman for the past fifteen years. He also holds the following significant positions in the following companies: Chairman of Universal Travel Corporation, Greenhills Properties, Inc.; Director, Meridian Assurance Corp., Xcell Property Ventures, Inc. He is also a Member of the Philippine Stock Exchange, Inc.

Antonio O. Olbes/ 70 - Filipino

Mr. Olbes has served as Director of PRHC since 1986 and as its Vice-Chairman for nineteen years. His concurrent positions are: Chairman of File Managers, Inc.; Director of Greenhills Properties, Inc., Universal Travel Corporation and Xcell Property Ventures, Inc.

Amador C. Bacani/68 - Filipino

Mr. Bacani, has served as Director of PRHC since 1998. His concurrent positions are: Chairman of PRHC Property Managers, Inc.; Director, Universal Travel Corporation and President, Xcell Property Ventures, Inc.

Atty. Mariano C. Ereso, Jr./83-Filipino

Atty. Ereso is a Partner, Corporate & Tax Consulting Practice of Ongkiko Kalaw Manhit & Acorda Law Offices since October 1999. He has been the Principal/Head-Tax Consulting of various auditing firms the latest of which Laya Mananghaya & Co., CPAs/KPMG, from October 1995 to September 30, 1999. His expertise in the field of taxation has led him to be the Team Leader of the Presidential Fact Finding Committee for the Improvement of the operations of the Bureau of Internal Revenue and Chairman of the Committee for Review and Codification of Income Tax Regulations.

Gerardo Domenico Antonio V. Lanuza/33 – Filipino

Mr. Lanuza was elected as Director on January 15, 2009 and is currently the Vice President of PRHC, Vice President of Campos, Lanuza & Co., Inc. and Director of A Brown Co., Inc.

Gregory G. Yang/60 – Filipino

Mr. Yang is currently the Senior Vice President of McDonalds Philippines. He had been a Branch Manager of International Corporate Bank prior to his stint at McDonalds. He was elected as Director last August 20, 2009.

Andrew C. Ng/32 – Filipino

Mr. Ng is currently the Vice-President of Alpha Alleanza Manufacturing, Inc. He was formerly Operations Manager of Pinnacle Foods, Inc. He was elected as Director last August 20, 2009.

Alfredo S. Del Rosario/61 – Filipino

Mr. Del Rosario was elected as Director on August 01, 2016 and is the current President of the Company. Mr. Del Rosario had served as Executive Vice-President, Head of the Asset Management and Remedial Group of Rizal Commercial Banking Corporation of the Philippines.

Lorenzo V. Tan/56 (Independent Director) - Filipino

Mr. Lorenzo Tan had served as President and Chief Executive Officer of Rizal Commercial Banking Corporation Philippines from February 1, 2007 to May 6, 2016 and President of Bankers Association of the Philippines.

Renato Nunez/47 (Independent Director) - Filipino

Renato Nunez, age 47 is the Vice President/Chief Operating Officer of Midas Hotel and Casino. He is also the managing Director of Blue Chip Gaming and Leisure Corp.

Fidel R. Racasa - Filipino

Fidel R. Racasa, age 61 is a Partner of Pastelero Law Office, and member of the board of directors of PRHC and Philippine Stock Exchange Condominium Corporation.

Significant Employees

Any director or officer who may be elected is expected to make significant contributions to the operations and business of the Corporation. Likewise, each employee is expected to do his share in achieving the Company's set goals.

Family Relationships

Mr. Gerardo Lanuza, Jr., Chairman of the Board, is the first cousin of Mr. Antonio O. Olbes, and father of Director, Mr. Gerardo Domenico Antonio V. Lanuza. Mr. Gregory Yang is the father-in-law of Mr. Gerardo Domenico Antonio V. Lanuza.

Involvement in Certain Legal Proceedings

There are no legal proceedings against the directors and officers of Philippine Realty and Holdings Corporation within the categories described in Annex C Part IV (A) of Rule 12 for the last five years.

Item 10. Executive Compensation

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
CEO & five most highly compensated executive officers- Gerardo Lanuza (Chairman of the Board), Antonio Olbes (Vice Chairman), Alfredo S. Del Rosario Jr. (President), Gerardo Domenico Antonio Lanuza (Executive Vice President), Vincent Fischer (Chief Finance Officer), Jose Ramon Olives (Vice President for Marketing and Compliance Officer,	2016	23,341,047.00	None	288,000	None	23,629,047.00
	2015	39,324,456.30	None	216,000	None	39,540,456.30
	2014	29,311,647.28	2,910,000	144,000	None	32,365,647.28
	2013	15,024,744.81	None	99,000	None	15,123,744.80
	2012	10,289,103.10	None	111,000	None	10,400,103.10
	2011	8,790,436.82	None	84,000	None	8,874,436.82
All officers & directors as a group	2016	4,902,012.74	None	-	None	4,902,012.74
- Other officers include: Erwin Ciar (VP/Head of Project and Construction Management),	2015	9,023,245.80	None	72,000	None	9,095,245.80
Edward Encarnacion (VP for Shared Services), Susan Carag (VP for Property Management),	2014	3,064,530.77	530,000	72,000	None	19,460,520.32
	2013	17,684,360.43	None	159,000	None	17,843,360.43
	2012	12,457,595.73	None	162,000	None	12,619,595.73
	2011	11,435,086.08	None	414,000	None	11,849,086.08

The Executive Officers are elected annually by the Board of Directors, at its first meeting following the annual stockholders' meeting. Every officer, including the President, is subject to removal at any time by the Board of Directors. All officers hold office for one year and until their successors are duly elected and qualified; provided that any officer elected to fill any vacancy shall hold office only for the unexpired term of the office filled.

The compensation of the Company's executive officers is fixed by the Board of Directors. They are covered by contract of employment and as such they are entitled to all the benefits accruing to salaried employees of the Company.

Compensation of Directors

Directors are entitled to a per diem of P6,000.00 for board meetings attended except for independent directors who received P20,000.00. In addition, the board is entitled to a portion of the 5% of net income before tax profit-sharing incentive for directors, officers and staff.

The directors of the registrant received per diem in the amount of P1,008,000, P430,000, P506,000, and P488,000 and for 2015, 2014 and, 2013, respectively.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting security as at December 31, 2016.

Title	Name and Address of Record/Beneficial Owner	Record/ Beneficial Ownership	Citizenship	Number of Shares Owned	% Owned
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino/ Non-Filipino	2,086,197,202 shares	42.38%
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	1,755,779,066 shares	35.67%
Common	A.Brown Company, Inc. Xavier Estates Uptown Airport Road Cagayan de Oro City	"B"	Filipino	278,505,248 shares	5.66%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R"/"B"	Fil./American Spanish/Other Alien	275,346,201 shares	5.60%

Note: Greenhills Properties, Inc. is represented by its President, Gerardo Lanuza, Jr. and Treasurer, Antonio O. Olbes.

Campos, Lanuza & Co., Inc. is represented by its President, Corazon Lanuza and Vice President, Antonio Reyes-Cuerva while A Brown Co., Inc. is represented by its Chairman, Walter W. Brown and Treasurer, Annabelle P. Brown.

PCD Nominee holds 42.38% interest. PCD Nominee is the registered owner of shares beneficially owned by participants in the PCD. Campos, Lanuza & Co., is a participant of PCD owning 5.6 % of the company's voting securities.

Shares held by Directors and Executive Officers as reported by transfer agent as of 31st December 2016:

Title of Class	Name of Beneficial Owner	Amount and Nature of Class	Citizenship	%age Owned
Common	Antonio O. Olbes	500,000 / Indirect 6,388/Direct	Filipino	0.010%
Common	Amador C. Bacani	229,980 / Direct	Filipino	0.005%
Common	Gerardo Lanuza, Jr.	174,024 / Direct	Filipino/Spanish	0.004%
Common	Mariano C. Ereso, Jr.	10,000 / Direct	Filipino	0.000%
Common	Lorenzo V. Tan	10,000 / Direct	Filipino	0.000%
Common	Gerardo Domenico Antonio V. Lanuza	39,218,366/Direct; 50,000,000/Indirect	Filipino/Spanish	1.81%
Common	Gregory G. Yang	100,000 / Direct	Filipino	0.002%
Common	Andrew C. Ng	10,000 / Indirect	Filipino	0.000%
Common	Alfredo S. Del Rosario Jr.	35,000 / Indirect	Filipino	0.000%
Common	Renato Nunez	10,000 / Direct	Filipino	0.000%
Common	Fidel R. Racasa	1 / Indirect	Filipino	0.000%
Common	Directors and Officers As a Group	39,758,759/Direct 50,545,000 / Indirect		1.82%

Voting Trust Holders of 5% or more

Phil. Realty knows of no persons holding more than 5% of common shares under a voting trust or similar arrangement.

Change in Control

As of the present, there is no change in control nor is the Company aware of any arrangement that may result in a change in control of the Company since the beginning of the last fiscal year.

Item 12. Certain Relationships and Related Transaction

These are transactions with our subsidiaries, Universal Travel Corporation and Alexandra, USA wherein the Company extended non-interest bearing loan as additional working capital. In 2008, we provided for allowance for doubtful accounts on our receivable from Alexandra, USA. Also, in the same year we extended interest bearing loan to PRHC Property Managers, Inc. as additional working capital. Advances made by our subsidiary, Tektite Insurance Brokers, Inc. represent advance payment of insurance premium on behalf of the Company.

The Company has not entered into any material transaction nor is it a party to any transaction in which any director, executive officer or significant shareholder of the Company or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Compliance with Corporate Governance (deleted pursuant to SEC Memorandum Circular No. 5 Series of 2013)

**PART V
EXHIBITS AND SCHEDULES**

Item 13. Exhibits and Reports on SEC Form 11- C*Exhibits*

1. Management's Discussion and Analysis or Plan of Operation
2. 2016 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
3. Subsidiaries of the Registrant

Reports on SEC Form 17-C

	April 27, 2016	Annual Stockholders' Meeting set on June 30, 2016. Record date May 11, 2016.
	July 4, 2016	New set of Directors for ensuing year.
	July 8, 2016	Resignation of Mr. Manuel O. Orros as Independent Director.
	July 13, 2016	Appointment of Mr. Lorenzo V. Tan as replacement of Mr. Manuel O. Orros as Independent Director.
	July 20, 2016	New set of Officers for ensuing year.
	August 1, 2016	Resignation of Mr. Andrew D. Alcid as member of the


		Board of Directors and President/Chief Executive Officer.
	August 1, 2016	Appointment of Alfredo S. Del Rosario, Jr. as Director and President/Chief Executive Officer.
	September 14, 2016	Resignation of Mr. Francis Rodney S. Fugen as VP/Head of Property Management Services.
	September 21, 2016	Certificate of attendance of key officers and Board of Directors on Corporate Governance Seminar
	November 17, 2016	Change in Satellite Office Address
	November 21, 2016	Appointment of Ms. Adeline Susan Cabas Carag as VP/Head of Property Management Services.

SIGNATURES

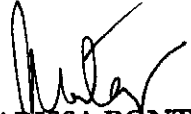
Pursuant to Section 17 of the SRC and Section 141 of the Corporation Code the Registrant has duly caused this report to be signed in behalf of the undersigned, thereunto duly authorized in Quezon City on May 09 2017.

PHILIPPINE REALTY AND HOLDINGS CORPORATION Registrant

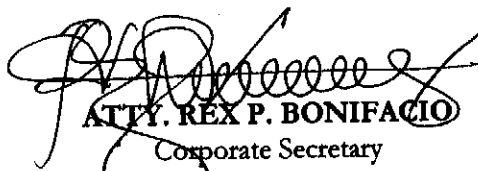
Pursuant to the requirements of the SRC, this annual report has been signed by the following persons in the capacities indicated.


ALFREDO S. DEL ROSARIO JR.
President
(Chief Executive Officer)


VINCENT FISCHER
(Chief Finance Officer)

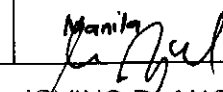

MARISSA BONTOGON
Controller


MARK ANTHONY M. RAMOS
Accounting Manager


ATTY. REX P. BONIFACIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 09 2017 day of May, 2017, affiants exhibiting to me their ID, as follows:

Names	ID Number	Date of Issue	Place of Issue
Alfredo S. Del Rosario Jr.			
Vincent Fischer	CC1 201329753603	March 23, 2016	Quezon City
Marissa Bontogon	N0297356559	March 18, 2015	Quezon City
Mark Anthony Ramos	N2508008321	September 23, 2014	Quezon City
Atty. Rex P. Bonifacio	N2513005993	February 11, 2016	Manila


ATTY. JOVINO R. ANGEL
NOTARY PUBLIC
UNTIL DEC. 31, 2018

PTR NO. 5266148-1/3/2017 PASAY CITY
IBP NO. 1052056-1/3/2017 PASAY CITY
COMPLIANCE NO. U-0024151-10/25/2016
ROLL NO. 28761

3915
PAGE NO. 79
BOOK NO. 10
SERIES OF 2017

EXHIBIT 1**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Sales of SkyVillas Tower and other Company's Condominium projects increased by 32.98% this year from 2015. Icon Plaza units and Sky Villas which is 99.11% and 96.25% completed respectively, as of year-end. Gross Profit from the sale of condominium units in 2016 amounted to about P133.63 million higher by P70.50 million from 2015.

The table below shows the material change from period to period in the Statement of Comprehensive Income. Material shall refer to changes or items amounting to five percent (5%) of the relevant accounts:

	VERTICAL			HORIZONTAL		
	2016	2015	2014	2016	2015	2014
Sale of real estate	60.02%	76.20%	34.97%	32.98%	48.39%	0.20%
Other income	39.98%	23.80%	50.54%	88.45%	(263.98%)	(29.19%)
Other expense	0.93%	7.08%	0.05%	(124.41%)	8,878.16%	(96.99%)
Cost of real estate	37.53%	58.26%	34.71%	8.76%	14.32%	4.37%
General and administrative expense	51.39%	77.91%	40.28%	11.37%	31.74%	49.59%

The Group posted net losses of P8.39 million and P156.73 million in 2016 and 2015, respectively; net income of P109.21 and 34.53 in 2014 and 2013, respectively. The sale of real estate pertains to units sold at Skyline Tower and Skyvillas located at New Manila, Quezon City and Icon Plaza located at Bonifacio Global City. Other income consists of gain on sale of investment property and Equity in net earnings of joint venture.

Our property management subsidiary, PRHC Property Managers, Inc. (PPMI), registered a net income of P0.52 million, increased by 361% from last year's net loss of P.20 million due to increase in rental revenue and Management fees. Currently, PPMI manages a total of 11 buildings located in various cities in Metro Manila.

Tektite Insurance Brokers, Inc. (TIBI) the Group's insurance brokerage firm posted decrease in net income by P.41 million from last year's net income of P1.5 million, due to lesser commission revenue in 2016.

Sultan Power Inc. (SPI) contributed the biggest net loss to the group amounting to P34.77 million. SPI is still in the pre-operating and exploration stage as evidence by the lack of revenue for the past two years.

Consolidated general and administrative expenses increased to 305.42 million in 2016 from P274.23 million in 2015 due to increase in Retirement benefits by the parent Company and expenses incurred by Sultan Powers Inc. in 2016.

The table below shows the material change from period to period in the Statement of Financial Position. Material shall refer to changes or items amounting to five percent (5%) of the relevant accounts.

	VERTICAL			HORIZONTAL		
	2016	2015	2014	2016	2015	2014
Cash and cash equivalents	1.62%	4.93%	5.19%	(63.37%)	(7.81%)	(51.76%)
Trading Investments	0.68%	0.51%	1.17%	47.61%	(57.24%)	250.26%
Available for-sale investments (AFS)	3.78%	3.09%	4.26%	36.64%	(29.65%)	29.87%
Held to maturity investments (HTM)	0.03%	0.03%	0.03%	0.00	0.00	0.00%
Trade and other receivables	23.44%	24.81%	27.08%	5.33%	(11.06%)	36.42%
Real estate inventories	48.42%	39.34%	35.15%	37.21%	8.67%	18.25%
Real estate held for sale and development	5.47%	6.10%	5.92%	0.00%	0.00%	(79.03%)
Investment in and advances to associates	2.37%	2.71%	2.74%	(2.48%)	(4.03%)	91.31%
Property and equipment	2.63%	3.02%	3.11%	(2.94%)	(5.54%)	4.75%
Investment properties	5.71%	6.85%	7.12%	(7.13%)	(6.58%)	(17.72%)
Deferred Tax Assets	1.23%	0.56%	0.46%	146.36%	18.06%	(16.37%)
Trade and other payables	8.38%	8.03%	5.96%	16.40%	30.75%	62.82%
Unearned Income	0.52%	1.40%	1.95%	(58.55%)	(30.03%)	(16.59%)
Retirement Benefit Obligation	4.17%	1.99%	1.71%	133.29%	12.96%	(20.12%)
Reserves	5.15%	4.61%	5.83%	(24.44%)	(23.22%)	16.22%

The Company's total assets stood at P3.45 billion as of year-end 2016, higher by P355.50 million from the year 2015. The Company's real estate assets comprise of 53.89%, 45.44%, and 41.07%, of the total assets of the Company for 2016, 2015, and 2014, respectively.

As at year-end, cash and cash equivalents reached P55.84 million, which is about 1.62% of the total assets. Cash flow from operations, generated mainly from collections of receivable accounts, commission, lease rentals, management and consultancy fees, were utilized to settle current payables. The cash and cash equivalents decreased by 63.37% because of increased operational activities by the parent Company.

The increase in the value of Trading investments of 47.61% and Available for sale investments of 36.64% were due to the increase in the market value of stock investment of the parent Company.

Trade and other receivables increased in 2016 by 5.33% due to additional credit sales during the current year.

The increase in Real estate inventories by 37.21% was due to additional cost capitalized for the Skyvillas project, while the decrease in Investment in Joint Venture was due to the Sale of Tagaytay property in 2016.

Deferred tax asset increase from P17.25 million to P42.50 million in 2016 due to increase in retirement benefits during the current year.

Unearned income decreased due to the recognition of percentage completed on sale of Icon Plaza and Skyvillas units as of year-end 2016.

The Parent Company increase additional retirement benefits in 2016, hence retirement benefit obligation increase by 133.29% this year.

Moreover, the Parent Company also secured short term and long term loans with several notable banks for the completion of the Sky Villas project. This was the reason for the 385.51% increase in loans by the Parent Company.

Top Five Performance Indicators	2016	2015
Gross Revenue	P 426,200,908	P 337,144,343
Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{2,848,171,643}{417,430,110} = 6.82$	$\frac{2,437,578,416}{242,235,407} = 10.06$
Debt-to-Equity Ratio = $\frac{\text{Liabilities}}{\text{Equity}}$	0.11	0.01
Book value per share = $\frac{\text{SHE} + \text{Subs. Rec.}}{\text{\# of shares outstanding}}$	$\frac{3,205,607,290}{4,877,907,002} = .66$	$\frac{3,236,683,422}{4,877,907,002} = .66$
Earnings (loss) Before Interest, Tax, Depreciation and Amortization	P18,687,268	P(119,617,649)

Gross revenue includes sale of real estate, rent, and commission and management fees. The increase in occupancy of leased areas, rental rates and number of customers will contribute significantly to the cash inflows of the company.

EXHIBIT 3**SUBSIDIARIES OF THE REGISTRANT**
(as of December 31, 2016)

<i>Name</i>	<i>% of Ownership</i>
Tektite Insurance Brokers, Inc.	100.00%
PRHC Property Managers, Inc.	100.00%
Sultan Powers Inc.	100.00%
Universal Travel Corporation	81.53%
Le Cheval Holdings, Inc.	45.00%
Alexandra (U.S.A), Inc.	45.00%