

COVER SHEET

9	9	9	0	5					
---	---	---	---	---	--	--	--	--	--

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)

O	N	E		B	A	L	E	T	E		1		B	A	L	E	T	E		D	R	I	V	E		C	O	R
---	---	---	--	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---

N		D	O	M	I	N	G	O		S	T		B	R	G	Y		K	A	U	N	L	A	R	A	N		
---	--	---	---	---	---	---	---	---	--	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	--

D	I	S	T	R	I	C	T		4		Q	U	E	Z	O	N		C	I	T	Y		1	1	1	1		
---	---	---	---	---	---	---	---	--	---	--	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	--	--

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

MARK ANTHONY M. RAMOS
-----------------------

Contact Person

1	2	3	1
---	---	---	---

Month

Day

1	7	A
---	---	---

FORM TYPE

636-1170
----------

Company Telephone Number

0	6	3	0
---	---	---	---

Month

Day

Annual Meeting

N/A
-----

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

--	--	--	--	--	--	--	--	--	--

Amended Articles Number/Section

--	--	--	--	--	--	--	--	--	--

Total No. of Stockholders

Total Amount of Borrowings

--	--	--	--	--	--	--	--	--	--

Domestic

--	--	--	--	--	--	--	--	--	--

Foreign

To be accomplished by SEC Personnel concerned

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 2018
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: One Balete, 1 Balete Drive corner N. Domingo St., Brgy Kaunlaran  
Quezon City  
Satellite Office: Unit No. 2001B, 20<sup>th</sup> Floor PSE Centre East Tower, Exchange Road, Ortigas  
Center Pasig City
8. Registrant's telephone no.: 631-3179
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	₱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 3,166,545,842 of outstanding common shares is ₱1,345,781,982 computed on the basis of ₱0.425 per common share as of close of December 31, 2018.
14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

## **TABLE OF CONTENTS**

### **PART I – BUSINESS AND GENERAL INFORMATION**

- Item 1. Business
- Item 2. Properties
- Item 3. Legal Proceedings
- Item 4. Submission of Matters to a Vote of Security Holders

### **PART II – SECURITIES OF THE REGISTRANT**

- Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

### **PART III – FINANCIAL INFORMATION**

- Item 6. Management's Discussion and Analysis and Results of Operations
- Item 7. Financial Statements
- Item 8. Information on Independent Accountant and Other Related Matters

### **PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS**

- Item 9. Directors and Executive Officers of the Issuer
- Item 10. Executive Compensation
- Item 11. Security Ownership of Certain Beneficial Owners and Management
- Item 12. Certain Relationship and Related Transactions

### **PART V – EXHIBITS AND SCHEDULES**

## PART I

### BUSINESS AND GENERAL INFORMATION

#### Item 1. Business

Philippine Realty and Holdings Corporation ("**Philrealty**" or the "**Company**") was incorporated and registered with the Philippine Securities and Exchange Commission ("**SEC**") on July 13, 1981 with a corporate life of fifty (50) years, and an initial capitalization of ₱2 Million. In 1986, the Company's capitalization was increased to ₱100 Million to accommodate the entry of new stockholders. Its present authorized capital stock is ₱4 Billion, divided into 8 billion shares, of which 4.92 billion shares are subscribed and outstanding.

The principal activities of the Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Company was listed with the Philippine Stock Exchange ("**PSE**") on September 7, 1987.

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

#### 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. Its clients include: Philippine Stock Exchange Centre Condominium Corporation, Icon Residences, Icon Plaza, Casa Miguel, Skyline Tower, Nobel Plaza Condominium, LTA Condominium, Greenhills Properties Inc.'s El Pueblo Real de Manila, The Pinnacle Condominium and Greenrich Mansion Condominium. PPMI ensures that the properties are 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. ("**TIBI**") was incorporated in January 1989 as Philrealty Insurance Agency. Due to increasing demand, it was reorganized to become an insurance brokerage firm in 1994. Major clients include: Philrealty Group of Companies, RG Meditron, Philippine Stock Exchange Centre Condominium Corporation, Icon Residences, Icon Plaza and Develop Dimension Inc.



### ***Universal Travel Corporation (81.53% owned)***

Universal Travel Corporation ("**UTC**") was incorporated in October 1993 and was 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 catered to Philippine Stock Exchange Centre's tenants. In August 2018, the Company announced that it has ceased its travel agency business operations on a voluntary basis due to continuing losses and increasing capital deficiency. The terminated employees of UTC were all paid their separation benefits and all creditors were also paid prior to the temporary cessation of its business operations. This move is part of the business rationalization process presently being undertaken by Philrealty wherein the Issuer seeks to explore new investment/business opportunities while at the same time lightening up on existing unrelated or unprofitable investments.

### ***Sultan Power Inc. (100% owned)***

Sultan Power, Inc. ("**SPI**") was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company and commenced its operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation ("**Recon-X**"). SPI subscribed to 51% of the total and issued and outstanding shares of Recon-X. Recon-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting solid waste and plastics into fuel (gasoline, diesel and kerosene) using patented technology which was duly-certified by the Intellectual Property Office of the Philippines ("**IPP**") for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", certified by the Department of Science and Technology ("**DOST**") and by the Department of Energy ("**DOE**"). Recon-X is still in pre-operating stage.

### **Products and Services**

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Sale of Condominium Units	55.42%	62.34%	60.02%
Leasing	5.61%	3.73%	3.28%
Property Management	1.87%	2.39%	5.31%
Insurance Brokerage	0.37%	0.60%	1.30%
Other Income	36.73%	30.94%	3.68%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

#### **Sale of Condominium units**

Philrealty develops and sells high-end condominium units located at One Balete Drive corner N. Domingo Street, Quezon City and soon, at 6<sup>th</sup> Avenue BGC, Taguig City. In Quezon City, the Company developed 2 out of the 6 planned towers at One Balete Compound, namely the Skyline Tower and the SkyVillas Tower. In addition, the Company entered into 2 joint venture arrangements with Xcell for the development of the Icon Residences (2-tower residential condominium) and Icon Plaza (residential /commercial condominium building). The Company has several units for sale and/or for lease at Icon Residences and at Icon Plaza at the BGC.

## **Leasing**

Philrealty has investment properties, such as office and storage units and parking slots, for lease at the following locations: 1) Philippine Stock Exchange Centre located at the PSE Centre, Exchange Road Ortigas Center Pasig City; 2) Icon Plaza located at 5<sup>th</sup> Avenue, BGC, Taguig City; and at the 3) Skyline Tower and SkyVillas Tower located at One Balet Drive corner N. Domingo Street, Quezon City. The contracts of lease are renewable for periods ranging from six months to five years.

The Company is also leasing and sub-leasing two parcels of land with total area of 3,200 square meters located at 5<sup>th</sup> Avenue BGC, Taguig City.

Philrealty is also leasing 500 sq.m. of the Ground Floor space of One Balet Building located at One Balet Drive corner N. Domingo Street, Quezon City.

## **Property Management**

Philrealty's property management subsidiary, PPML, oversees the administration, operation and monitoring of real estate assets of Philrealty and other companies.

## **Insurance Brokerage**

TIBI operates as insurance brokerage firm for Philrealty and other companies.

## **Employees**

Philrealty has a total workforce of 54 employees as of December 31, 2018, classified as follows:

Staff	31
Managerial	14
Executive	9
<b>Total</b>	<b>54</b>

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 Company has the following supplemental benefits for its employees: (a) Health Care; (b) Group Life Insurance; (c) Retirement Plan and (d) Profit-sharing based on the Company's By-Laws.

## Item 2. Properties and Projects

### The Company's Projects

Philrealty has developed unique and trend setting projects, such as the following:

1. **The Alexandra**. The Alexandra was the first to offer consumers the combination of high rise condominium and subdivision living. It is a luxury mid-rise development with a ratio of one sq.m. of land for every two sq.m. of sold floor area. As the first gated vertical community in Metro Manila, The Alexandra was one of the most coveted addresses in its heyday. The community is composed of 11 buildings that range from 5 to 14-storeys high. There are only 360 units in the 4.2 ha. property, all of which are 3-bedroom apartments with floor areas ranging from 182 to 250 sq.m. The narra flooring, marble baths, landscaped gardens, and the ratio of space to the number of occupants, all right in the Ortigas Center central business district made this a community like no other.
2. **Philippine Stock Exchange Centre (hereinafter "PSEC" also known as Tektite Towers)**. Launched as Tektite Towers in 1989 and fully completed in January 1996, The Philippine Stock Exchange Centre held the title for the **largest office building complex for decades after its completion**. With twin towers consisting of 33 stories each, more than 1,700 parking spaces, wide hallways, spacious offices, combine to encompass more than 18 has. of covered space. Bridging the East and West Towers, was the 4-storey official headquarters of the Philippine Stock Exchange, Inc. ("PSE") until it moved to its new location in BGC in 2018. On the ground floor, directly beneath what used to be the PSEI trading floor is a multi-purpose auditorium with a 400-person capacity.
3. **La Isla Condominium**. La Isla Condominium has only 28 units ranging from 270 sq.m. 2-bedroom units to 580 sq.m. loft apartments. 2 units per floor, with elevators that open directly to the unit owner's own foyer. Solid narra floors, marble baths, 2 to 4 parking spaces per unit, and extra storage space in the basement. La Isla Condominium is still among the most exclusive residential development in the metropolis, with units still in great demand, close to two decades after its completion. The building was named for its 360° view, never to be impeded by a neighboring building. It is an island in the heart of the Ortigas Central Business District ("**CBD**").
4. **The Alexis**, a low-rise condominium within an upscale subdivision.
5. **Casa Miguel**. A 4-storey walk-up residential condominium in San Juan, Metro Manila.
6. **One Balete Compound**. Formerly known as Andrea North Complex, Philrealty's One Balete Compound, located in a 2.8 ha. property in New Manila, Quezon City, which used to be the Pepsi Cola complex in New Manila, was launched after the full completion of The Philippine Stock Exchange Centre (Tektite Towers) in January 1996. It is situated at the corner of Balete Drive and N. Domingo Street. The Complex will be comprised of a 6-tower luxury development. This project is an Alexandra-type upscale and high-rise condominium complex.

The first tower, **Skyline Tower**, was completed in September 2011, and the second

tower, started on November 16, 2012, now also completed, is **SkyVillas Tower**, a 31-storey luxury condominium that features only 2 to 8 units per floor.

7. ***The Icon Residences***. A completed 2-Tower condominium joint venture project with Xcell Property Ventures, Inc. ("**Xcell**") located in Bonifacio Global City ("**BGC**"), consists of minimum saleable areas (excluding parking) of 17,750 sq.m. and 18,640 sq.m., respectively, and parking spaces of 208 units and 219 units, respectively.
8. ***The Icon Plaza***. A completed mixed-use condominium building which was started in mid-2010, is comprised of commercial/retail spaces, office suites and residential units with a minimum saleable area (excluding parking) of 28,043 sq.m. and parking spaces of 350 units. The Icon Plaza was another joint venture project with Xcell located in the BGC.

### **The Company's Properties**

#### **Land bank**

The Company's land bank are as follows:

<b>Estate</b>	<b>Location</b>	<b>Area in sqm.</b>
One Balete Compound	Quezon City, Metro Manila	8,968.87
El Retiro Estate	Baguio City	16,158.00

In the last annual meeting of the stockholders, the stockholders approved the issuance of new common shares from the increased capital stock of the Company in exchange for the contribution by Greenhills Properties Inc. ("**GPI**") and Meridian Assurance Corporation ("**MAC**") of properties into Philrealty. These prime properties are described below:

<b>Reg. Owner</b>	<b>Location</b>	<b>Lot No./Unit No.</b>	<b>Land/Floor Area</b>
GPI	BGC, Taguig City	Lot 1 Block 8	1,600 sq. m.
GPI (LAI)	BGC, Taguig City	Lot 4 Block 8	1,600 sq. m.
MAC	Tektite Towers, Pasig City	712	284 sq. m.
MAC	Tektite Towers, Pasig City	713	170 sq. m.
MAC	Tektite Towers, Pasig City	714	170 sq. m.
MAC	Tektite Towers, Pasig City	P-3215	12.5 sq. m.
MAC	Tektite Towers, Pasig City	P-3216	12.5 sq. m.
MAC	Tektite Towers, Pasig City	P-3217	12.5 sq. m.
MAC	Tektite Towers, Pasig City	P-3218	12.5 sq. m.
MAC	Tektite Towers, Pasig City	P-3222	12.5 sq. m.
MAC	Tektite Towers, Pasig City	P-3223	12.5 sq. m.
MAC	Icon Plaza, BGC	7H	96 sq. m.
MAC	Icon Plaza, BGC	7I	102 sq. m.
MAC	Icon Plaza, BGC	P2-44	12.5 sq. m.
MAC	Icon Plaza, BGC	P2-45	12.5 sq. m.

### **Leased Properties**

The Parent Company has an existing lease contract with GPI which allows the Company to sublease, two parcels of land located along 5<sup>th</sup> Avenue at the BGC, with a total area of 3,200 sq.m. more or less. The lease agreement is for a period of 15 years.

### **Rental Properties**

The Company's properties for lease are largely office and storage units, parking slots, commercial spaces, food halls, commercial strips, and condominium residential units. These are as follows:

#### **PSEC (Tektite Towers) properties located at Ortigas Center, Pasig City**

<b>Units for Lease</b>	<b>Number of units</b>
Office condominium units	20
Commercial condominium units	16
Storage spaces	58
Parking spaces	244

#### **Icon Plaza properties located at BGC, Taguig City**

<b>Units for Lease</b>	<b>Number of units</b>
Condominium units	16
Parking spaces	40

Majority of the units for both PSEC (Tektite Towers), Icon Plaza, Skyline Tower and SkyVillas Tower as well as a portion of the One Balete Building are already leased out to individuals and corporate entities. In 2018, the Parent Company generated a total of ₱100.3 Million lease income for these properties.

### **Mortgage, Lien or Encumbrance over Properties**

The Parent Company has certain properties in SkyVillas Tower that are mortgaged with the Philippine Bank of Communications ("PBCOM").

### **Item 3. Legal Proceedings**

#### **Entering into Corporate Rehabilitation and Subsequent Exit due to its Successful Implementation**

Like many other companies that encountered problems during the Asian financial crisis at the turn of the millenium, Philrealty was hit by very high interest rates on its peso loans and yet could not sell its real estate inventory quickly enough as demand for both residential units and office units practically dried up. To make matters worse, banks have been calling in their loans and threatening foreclosures.

In order to service all its obligations in an orderly manner and prevent banks from foreclosing on its mortgaged properties, the Company was forced to file for a Petition for Corporate Rehabilitation with Suspension of Payments in 2002. Under the Rehabilitation Plan that Philrealty submitted to the court, which the court later approved, the Company committed to sell assets/investments not currently used in operations, e.g., its participation in the Metro Pacific consortium that won the bid in the auction by the Bases Conversion Development Authority ("**BCDA**") of Fort Bonifacio (which later became the Bonifacio Global City or BGC), the Company's investment in a BGC property, etc., even at prices below cost to be able to pay its debts. This clearly demonstrated the Philrealty's commitment to honor its debts provided it is provided the opportunity and the breathing room to do so.

Over time, the Company was able to settle all its obligations with all its five (5) creditor banks through *dacion-en-pago* and by way of cash payments from the sale of assets and real estate inventory. It was also able to fully repay restructured unsecured loans.

In spite of not having new/additional credit lines from banking institutions, the Company resumed the construction of its Andrea North Skyline Tower ("**Skyline Tower**") located at Balete Drive, New Manila, Quezon City in February 2009 and completed it in September 2011 for a total cost of ₱1.1 Billion. The completion of the construction of the Skyline Tower was among the major components of the Rehabilitation Plan.

By December 20, 2013, the Company's liabilities to the Skyline Tower contractor, Skyline buyers and unsecured creditors were already paid.

On March 18, 2014, Philrealty's Motion to Terminate Rehabilitation Proceedings on Account of the Successful Implementation of the Rehabilitation Plan, which was recommended to the court by the Rehabilitation Receiver, was granted by the court. Accordingly, the Stay Order issued by the court was lifted, and Philrealty was able to resume normal business operations without the supervision of a court-approved Rehabilitation Receiver.

However, it was only on February 1, 2017 that Philrealty was officially pronounced out of the PSE list of companies under rehabilitation. This official PSE pronouncement came after the PSE's positive evaluation of the January 4, 2017 Certificate of Finality issued by the Regional Trial Court Branch 93, Quezon City certifying that its order dated March 18, 2014, terminating the rehabilitation proceedings "*on account of the successful implementation of the Rehabilitation Plan*", has become final and executory.

On February 9, 2016, the SEC approved the Company's quasi-reorganization reducing the par value of its shares from ₱1.00 to ₱0.50 and the additional paid-in capital arising from the



reduction of the par value were applied to the Company's accumulated deficit as of December 31, 2015.

**Legal Case vs. Universal Leisure Corporation, DMCI Project Developers Inc. and Universal Rightfield Property Holdings Inc. and Subsequent Amicable Settlement and Satisfaction of the Judgement of the Courts**

In 1998, the Company sued Universal Leisure Corporation ("ULC") for failing to pay the remaining sales price of condominium units and parking slots. ULC bought several condominium units under 2 Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of ₱25.7 Million and ₱30.5 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-PDI") and Universal Rightfield Property Holdings, Inc. ("URPHI"). These receivables are allegedly owed by the Company to DMCI-PDI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Company, DMCI-PDI and URPHI. The Company was ordered to deliver to ULC the titles of the condominium units and pay to ULC, as assignee of defendants DMCI-PDI and URPHI, the amount of ₱24.7 Million plus 6% p.a. interest; otherwise to return to ULC the amounts which have been paid including what have been deemed paid over the condominium units and parking spaces, and pay attorney's fees of ₱600,000. The Company appealed the decision to the Court of Appeals which affirmed the trial court's decision with modification that reduced the attorney's fees to a total of ₱150,000. 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 was resolved in favor of ULC.

In 2018, Philrealty, as a result of an amicable settlement with Universal Leisure Corporation (for itself and as assignee of URPHI and DMCI-PDI), fully settled and satisfied the judgement of the courts in Civil Case No. 67092, by returning to Universal Leisure Corporation ("ULC") the amounts that ULC paid and deemed to have paid in favor of Philrealty in the total amount of ₱231,150,000, covering the cancellation of sale of a Penthouse unit located at the 34<sup>th</sup> Floor, West Tower of the PSEC (Tektite Towers) containing a floor area of 2,370 sq.m. and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the PSEC (Tektite Towers). The settlement puts an amicable and mutually-beneficial closure to a 20-year-old legal case. With the agreement that also fully satisfied the judgement of the courts, Philrealty recovered a Penthouse unit located at the 34<sup>th</sup> Floor, West Tower of the PSEC (Tektite Towers) and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the PSEC (Tektite Towers). The fair value of the Penthouse unit and the 74 parking slots have been determined recently by an independent property appraisal company accredited with the SEC and with the PSE to be substantially higher than the ₱231,150,000 returned by RLT to ULC.

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.

Certain subsidiaries are defendants or parties in various lawsuits and claims involving civil and labor cases. In the opinion of the subsidiaries' management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the subsidiaries' financial position or results of operations.

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**  
**SECURITIES OF THE REGISTRANT**

**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 2016, 2017 and 2018 based on Philippine Stock Exchange's Daily Quotation Report

	2016		2017		2018	
	High	Low	High	Low	High	Low
1 <sup>st</sup> Quarter	0.48	0.48	0.59	0.57	0.56	0.52
2 <sup>nd</sup> Quarter	0.44	0.44	0.63	0.61	0.485	0.465
3 <sup>rd</sup> Quarter	0.41	0.41	0.48	0.47	0.435	0.42
4 <sup>th</sup> Quarter	0.40	0.40	0.64	0.61	0.43	0.42

**Holders**

As of December 31, 2018, the Company has 2,339 stockholders. The list of the top 20 stockholders of the Company as of December 31, 2018 is as follows:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
PCD Nominee Corporation	Filipino	2,456,130,840	49.90%
Greenhills Properties, Inc.	Filipino	1,755,779,066	35.67%
Campos, Lanuza & Co., Inc.	Filipino	275,196,201	5.59%
Belson Securities, Inc.	Filipino	30,580,956	0.62%
Socorro C. Ramos	Filipino	21,291,750	0.43%
Brisot Economic Dev. Corp	Filipino	15,280,621	0.31%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	0.31%
Ramon de Leon	Filipino	11,810,854	0.24%
Ricardo Leong	Filipino	11,810,854	0.24%
Calixto Laureano	Filipino	11,810,854	0.24%
Consuelo Madrigal	Filipino	11,500,000	0.23%
Gerardo Domenico Antonio Lanuza	Filipino	9,843,366	0.20%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	0.15%
Meridian Securities	Filipino	6,269,888	0.13%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	0.12%
Guild Securities	Filipino	5,598,162	0.11%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	0.11%
Citisecurities, Inc.	Filipino	5,408,078	0.11%
National Bookstore, Inc.	Filipino	5,393,450	0.11%
Wellington Chan	Filipino	5,185,801	0.11%
Oscar Cu	Filipino	4,550,750	0.09%
Cualoping Securities	Filipino	4,335,974	0.09%
<b>Total</b>		<b>4,681,826,447</b>	<b>95.11%</b>

### **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 ₱250 Million of the Company's retained earnings for the purchase of its own capital stock. In 2018, the Board of Directors approved the reclassification of ₱140.3 Million Appropriated Retained Earnings for Treasury Stock Acquisitions to Unappropriated Retained Earnings.

### **Recent Sales of Unregistered Securities**

For the year 2018, the Company had no sales of unregistered securities.

**Part III**  
**FINANCIAL INFORMATION**

**Item 6. Management's Discussion and Analysis of Financial Condition or Results of Operation**

Philippine Realty and Holdings Corporation (interchangeably referred to as the "Company" or the "Parent Company") continues to improve on its operations and financial performance, exhibiting improvements in profitability and maintaining very healthy liquidity and solvency position.

**I. Review of Consolidated Statement of Income for the Period Ending December 31, 2018 vs. December 31, 2017**

- 1. Consolidated net income after tax.** Philippine Realty and Holdings Corporation posted net income after tax of **₱391 Million** for the 12 months ended December 31, 2018 compared to **₱263 Million** net income after tax for the same period last year, or an increase in the Company's consolidated net income after tax of **₱128 Million** or a by a hefty 48% increase. The improvement in the Company's profitability is explained below.

**a. Income**

- 1) Sales of real estate.** Sales of real estate increased by **₱223 Million** or by 28% for the 12 months ended December 31, 2018 compared to the sales of real estate for the same period last year. Sales of real estate pertains to units sold at SkyLine and SkyVillas Towers located in Quezon City, and at Icon Plaza located in Bonifacio Global City. The increase in sales in 2018 is due to the aggressive sales and marketing efforts of the Parent Company.
- 2) Rent.** Rental income increased **₱55 Million** or by 117% due to the increase in leasable spaces and additional lease agreements entered into by the Parent Company.
- 3) Management fees.** This item was also higher by 12% due to additional engagements obtained by one of the Company's subsidiaries.
- 4) Gain on sale of property and equipment.** Gain on sale of property and equipment increased by **₱4 Million** due to the sale of an Office unit by one of the Parent Company's subsidiaries.
- 5) Other income.** Other income for the twelve months ended December 31, 2018 increased by **₱302 Million** or by 70% compared to the twelve months ended December 31, 2017. Other income consists of Gain on fair value changes in investment property, which increased by **₱157 Million** or a 44% increase due to the increase in the fair value of Investment properties consisting of commercial, office and storage condominium units for lease as well as parking units for lease located in the Philippine Stock Exchange Centre (also known as "Tektite Towers") and at the Icon Plaza located in Bonifacio Global City ("BGC").

**b. Costs and Expenses**

- 1) **Cost of service and unit sold.** For the twelve months ended December 31, 2018 compared to the twelve months ended December 31, 2017, Cost of service and unit sold increased by 23%, but this is due to the proportionate increase in Sales of real estate registered in 2018.

In terms of percentage to Sales of real estate, Cost of service and unit sold decreased in 2018 at 60%, whereas it was at 65% of Sales of real estate for the same period in 2017.

- 2) **General and administrative expenses.** General and administrative expenses increased by ₱188 Million or by 59%, but the higher level of expenses was accounted for by the ₱108 Million increase in Marketing, commission and sales expenses.

**c. Subsidiaries.**

The contributions of the Company's subsidiaries to revenues and net income are shown below.

- 1) **PRHC Property Managers, Inc. ("PPMI").** The Company's property management subsidiary, registered a Net income of ₱2.8 Million for the twelve months ended December 31, 2018. It is lower by ₱14 Million compared to the Net income registered by PPMI for the same period last year.
- 2) **Tektite Insurance Brokers, Inc. ("TIBI").** The Group's insurance brokerage firm, posted a net loss of ₱3 Million for the for twelve months ended December 31, 2018 which is higher by ₱2 Million compared to the ₱1 Million net loss registered for the same period last year.

**II. Review of Consolidated Statement of Financial Position for the Period Ending December 31, 2018 vs. December 31, 2017**

1. **Total assets.** The Company's Total assets stood at ₱5 Billion as of December 31, 2018, higher by ₱559 Million compared to the ₱4.5 Billion level of Total assets as of December 31, 2017.

The Company's Real estate assets accounted for 62% of the Total assets of the Company as of December 31, 2018.

Real estate inventories decreased by ₱474 Million from December 31, 2017 to December 31, 2018, or by 25%, due to the hugely successful effort of the Parent company to sell its SkyLine and SkyVillas inventory of condominium units.

The decrease in Real estate inventories is somehow compensated for by the ₱203 Million increase in Net trade and other receivables that increased by 19% from December 31, 2017 to December 31, 2018, as a result of selling terms granted to some of the Company's buyers.

Investment properties increased by ₱828 Million or from ₱865 Million in 2017 to



₱1.693 Billion in 2018 due to largely to: i) acquisition by the Parent Company of condominium units and parking slots at Tektite Towers below market prices as part of a deliberate strategy of the Parent Company to acquire properties for lease to increase its recurring income; ii) acquisition by the Parent Company of condominium units and parking slots from Xcell Property Ventures Inc. ("Xcell") at sub-market prices as part of the settlement by Xcell of its payables to the Parent Company; and iii) recognition of gain on fair value adjustments on the Company's Investment properties.

2. **Total liabilities.** Total liabilities increased by ₱170 Million largely due to accrual of Parent Company's liability to Universal Leisure Corporation (for itself and as assignee of URPHI and DMCI-PDI) as a result of an amicable settlement to fully settle and satisfy the judgement of the courts in Civil Case No. 67092, by returning to Universal Leisure Corporation ("ULC") the amounts that ULC paid and deemed to have paid in favor of the Company in the total amount of ₱231.150 Million, covering the cancellation of sale of a Penthouse unit located at the 34<sup>th</sup> Floor, West Tower of the Tektite Towers containing a floor area of 2,370 sq.m. and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the Tektite Towers.
3. **Total Equity.** Total equity was recorded at ₱3.5 Billion as of December 31, 2018 compared to ₱3.0 Billion as of December 31, 2017.

Total equity increased by ₱389 Million from December 31, 2017 to December 31, 2018.

Retained earnings increased by ₱464 Million during the same period. The net income for the period and the reclassification of ₱140.3 Million from Appropriated retained earnings for buy-back of shares to Unappropriated retained earnings caused the 303% increase in Unappropriated retained earnings in December 2018.

### III. Performance Indicators

The table below presents the comparative performance indicators of the Company and its subsidiaries.

Performance Indicators	31 December 2018 Audited	31 December 2017 Audited
Current ratio <sup>1</sup>	4.15:1	11.13:1
Debt-to-equity ratio <sup>2</sup>	0.45:1	0.45:1
Asset-to-equity ratio <sup>3</sup>	1.45:1	1.45:1
Book value per share <sup>4</sup>	₱0.74	₱0.66
Earnings per share <sup>5</sup>	₱0.08	₱0.05

<sup>1</sup> Current assets / current liabilities

<sup>2</sup> Total debt / consolidated stockholders' equity

<sup>3</sup> Total assets / Total stockholders' equity

<sup>4</sup> Total stockholders' equity plus Subscriptions receivable / No. of shares outstanding

<sup>5</sup> Net income attributable to equity holders of Parent Company / Weighted average no. of common shares issued and outstanding

The table above reflects the continuing improvement of the Company in terms of

liquidity, solvency and profitability.

1. **Current ratio.** The Company's Current ratio decreased by 63% from December 2017 to December 2018 mainly due to a combined increase in current liabilities and decrease in current assets. However, the current ratio of 4.15:1 as of 31 December 2018 is still extremely healthy.
2. **Debt-to-equity ratio.** Similarly, the Company's Debt-to-equity ratio has remained very conservative for the periods under review as the Company's financial leverage stayed steady at 0.45:1.
3. **Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also showed steadiness over time as it is stood unchanged at 1.45:1 from December 2017 to December 2018.

The steady performance of Debt-to-equity ratios and Asset-to-equity ratios of the Company for the periods under review clearly demonstrate that the Company's real estate business is currently being financed primarily by funds provided by its shareholders and a small amount of debt.

4. **Book value per share.** The performance of the Company's Book value per share has also been a very encouraging. It has been consistently improving from ₱0.66 per share as of end-December 2017 and to ₱0.74 per share as of 31 December 2018 or an improvement of 12%.

There was no issuance, repurchase or payment/repayment of neither debt and equity securities nor dividends during the year 2018.

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.

5. **Earnings per share.** Due largely to the Parent Company's improving earnings performance, the Company's Earnings per share improved by 60% in 2018 from ₱0.05 per share to ₱0.08 per share.

#### **IV. Financial Risk Management**

The Company's activities expose it to a variety of financial risks. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

1. **Foreign currency risk.** The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US Dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant

fluctuation in the exchange rates could significantly affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

2. **Credit risk.** Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted stringent procedures in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate and acceptable credit history.

In respect of 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.

**Item 7. 2018 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries**

Please refer to Exhibit 2

**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 Certified Public Accountants appointed in the 2018 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 2018 and 2017 amount to ₱980,000 and ₱920,000, exclusive of VAT, respectively. Out of pocket expenses are pegged at 15% for 2018 and for 2017.

**Tax Fees**

In 2018, the Parent Company engaged the services of Maceda Valencia & Co. and Bernardo Placido Chan Lasam Law Offices for tax consulting services.

**PART IV**  
**MANAGEMENT AND CERTAIN SECURITY HOLDERS**

**Item 9. Directors and Executive Officers of the Registrant**

The write-ups below include positions held as of December 31, 2018 and in the past five years, and personal data as of December 31, 2018 of directors and executive officers.

**Board of Directors**

Gerardo O. Lanuza, Jr.	Chairman
Antonio O. Olbes	Vice-Chairman
Alfredo S. Del Rosario, Jr.	Member
Gerardo Domenico Antonio V. Lanuza	Member
Gregory G. Yang	Member
Andrew C. Nang	Member
Amador C. Bacani	Member
Renato G. Nuñez	Independent Director
Lorenzo V. Tan	Independent Director
Jomark O. Arollado	Independent Director
Alfonso Martin E. Eizmendi	Independent Director

**Gerardo Lanuza, Jr. / 72 – Other Alien/Spanish**

Chairman of the Board of Philippine Realty and Holdings Corporation, Meridian Assurance Corporation, Universal Travel Corporation and Chairman and President of Greenhills Properties Inc. He sits as a Director in the following corporations: Gerzon Management Corporation, Broadford Property Holdings Inc., Merdom Corporation, Al Husn Manila, Inc., Domera Trading Corporation, Chiamil Trading Corporation, Nicora Trading Corporation, Xcell Property Ventures Inc., Julnad Assets Holdings Inc., Mernic Assets Holdings Inc., La Bodequita del Medio Inc., Merlan Holdings Inc., Peridot Asset Holdings Inc., Penzance Properties Holdings Corporation, Ju-Lan Assets Holdings Co. Inc., and Stonehaven Realty Services Inc. He is the nominee of Campos Lanuza & Co. Inc. to the Philippine Stock Exchange. He also serves as Treasurer of Lanuza Asset Holding Co. He was formerly Chairman of International Exchange Bank ("IBank"), Vice Chairman of Philippine Racing Club Inc., Vice President and Director of Makati Stock Exchange, Inc. and Director of Vulcan Industrial & Mining Corporation, Golden Arrow Mining Co., Inc., Apex Mining Co. Inc., Concrete Aggregates Corp., Philippine Overseas Drilling and Oil Development Corp., Surigao Consolidated Mining Co., Inc. and A Brown Company, Inc. He is a member of the Pasay-Makati Realtors Board, Inc. and Chamber of Real Estate and Builders Association, Inc. He graduated from De La Salle College with a degree in Bachelor of Science in Mechanical Engineering in 1969.

**Antonio O. Olbes / 72 - Filipino**

Vice-Chairman of the Philippine Realty and Holdings Corporation since 1968. He had previously served as Chairman and President of Meridian Assurance Corp. from 1994-2008, and President of Raco Trading Phils., Inc. He was formerly a manager at Sycip, Gorres, Velayo & Co., and was Executive Vice President, in charge of trading, at Francisco de Asia and Co. He held a number of directorships, which include seats in the following groups: PRHC Property Managers, Inc., Greenhills Properties Inc. (Treasurer), Universal Travel Corporation (Vice-Chairman), ICON Tower Residences, Green Vista Development Corporation, SEBLO Business



Holdings Corporation, and Excell Properties. He has also been named Honorary Consul General (in the Philippines) for the Republic of Nicaragua. He earned his Bachelor of Arts degree in Economics at Holy Cross College, Massachusetts, USA, and his master's degree in Business Administration from Bobson College, Massachusetts, USA. He completed his Advanced Management Programme at Oxford University, United Kingdom, in July 1995.

**Alfredo S. Del Rosario / 63 – Filipino**

President and Chief Executive Officer of Philippine Realty and Holdings Corporation since August 1, 2016. Currently, Mr. Del Rosario is also member of Board of Director of PRHC Property Management, Inc., Universal Travel, Inc., Icon Residence Condominium Corporation, Sultan Power, Inc., Rizal MicroBank, and Camera Club of the Philippines Center, Inc. Prior to joining PhilRealty, he worked for Rizal Commercial Banking Corporation ("RCBC") as Executive Vice President, heading several groups of the bank, including Commercial Banking, Overseas Filipino Banking, and Asset Management and Remedial. Before joining RCBC, he also headed the Trust and Investment Division and Information Technology Division of AB Capital and Investment Corporation as a Senior Vice President. He also held various positions in AsianBank, Bank of America NT & SA Manila, Philippine Airlines, and Ayala Investments & Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Management in 1976. He has taken up units towards an MBA degree at the Ateneo Graduate School and subjects leading to a Juris Doctor degree at the Ateneo Law School.

**Gerardo Domenico Antonio V. Lanuza / 35 – Filipino**

Executive Vice President and Chief Operating Officer of Philippine Realty and Holdings Corporation since 2014 and became Vice President for Special Projects in 2010. He is a director at various companies such as Greenhills Properties Inc., British United Automotive Corp., A Brown Co. Inc., Klassik Motors Corp., and Campos, Lanuza & Co. Inc., where he also serves as the Vice President for Sales. He earned his Bachelor of Science degree in Legal Management at the De La Salle University, Manila in 2006.

**Gregory G. Yang / 62 – Filipino**

Senior Vice President and General Manager of the operating company, McGeorge Food Industries (local licensee of McDonald's), since 1995. He opened the first McDonald's in 1981, having trained in Hong Kong and USA for one year and earning a degree in hamburgerology from McDonald's Hamburger University. His previous work experience includes serving as Assistant Manager of the International Bank Corporation, from 1978 to 1980, and Account Officer at the Makati Leasing and Financing Corporation from 1976 to 1978. He graduated from University of the Philippines in 1976 with a BS Business Administration degree.

**Andrew C. Ng / 35 – Filipino**

Vice-President of Alpha Alleanza Manufacturing, Inc. Philippines since 2009. He was formerly the Assistant Operations Manager Trainee of Pinnacle Foods, Inc., Philippines, serving from 2005 to 2009, and was a Management Trainee at Procter & Gamble Philippines in 2004. He earned his Bachelor of Science degree in Industrial Engineering at De La Salle University, Manila in 2005.

**Amador C. Bacani / 70 – Filipino**

Formerly the President of Philippine Realty and Holdings Corporation from 2002 to 2014. He also worked in the same Company as Executive Vice President from 1995 to 2002. He is currently the President of Xcell Property Ventures, Inc. (a joint venture partner of the Company). Previously, he was First Vice President and Head of Consumer Banking Group of Rizal Commercial Banking Corporation, and served as First Vice President & Head of Branches Operations Support Division as well. He held several other high-level positions in Campos, Lanuza & Co. Inc., Decision Systems Corporation, Security Bank and Trust Company, Allied Banking Corporation, Asian Merchant Finance Inc., Bank of the Philippine Islands, Citibank, N.A. (Manila), and Procter & Gamble Phils., Inc. He graduated with a Bachelor of Science degree in Mechanical Engineering, ***Summa Cum Laude***, from De La Salle College in 1969, and earned his Master of Science in Industrial Administration degree at the Carnegie-Mellon, USA, in 1972.

**Renato G. Nuñez / 49 (Independent Director) - Filipino**

Independent Director of Philippine Realty and Holdings Corporation since 2015. He currently sits as President of CATS Motors, Inc., Techglobal Data Center, Inc., Techzone Philippines, Inc., LIA Philfoods, Inc., and Everland Estate Development Corp. Moreover, he is also a current Director of All British Cars, Inc., Cambie Property, Inc. Coventry Motors Corp., and Total Consolidated Asset Management, Inc. Previously, he served as Vice President of Leisure & Resorts World Corp., as well as Midas Hotel & Casino. He was once the Managing Director of Blue Chip Gaming & Leisure Corp., Vice President and Director of AB Leisure Global, Inc., President of Arwen Gaming & Leisure Specialist, Inc., Vice President for Finance of Binondo Leisure and Resort Corp., and Vice President of AB Leisure Exponent., Inc. He graduated in BS Industrial Management Engineering, Minor in Mechanical Engineering, at De La Salle University in 1991.

**Lorenzo V. Tan / 57 (Independent Director) - Filipino**

Independent Director of Philippine Realty and Holdings Corporation since 2016. Currently, he plays a significant role in various Companies such as serving as Vice-Chairman of The Outstanding Young Men ("TOYM") Foundation, Managing Partner of Primeiro Partners Inc., and Independent Director of EEI Corporation, as well as Sunlife Grepa Financial Inc., House of Investment, Malayan Insurance and IPeople. Previously, he served as President and CEO of the Rizal Commercial Banking Corporation, Sunlife of Canada (Phils) Inc., the Philippine National Bank, and United Coconut Planters Bank. He was also once the Group Managing Director of Guoco Holdings (Philippines), Inc., Director of Citibank NA Singapore, Vice President of Citicorp Real Estate, Inc. in Los Angeles, California, USA, Associate of the Division Credit Office of Citicorp Real Estate, Inc. in New York, and Management Associate of the Asia Pacific Group in Citibank, NA, New York. In addition, he was the former President of the Bankers Association of the Philippines ("BAP"), and the Chairman of the Asian Bankers Association. Other association include being President of the Asia Pacific Bankers Club, and Chairman of Megalink Inc. He graduated from J.L. Kellogg Graduate School of Management, Northwestern University, with a master's degree in Management in 1987. He earned his Bachelor of Science degree in Commerce, Major in Accounting at De La Salle University Manila. He is a Certified Public Accountant in Pennsylvania, USA, and in the Philippines. In 1999, he was a recipient of The Outstanding Young Men ("TOYM") Award in the field of Banking.

**Jomark Ong Arollado / 35 (Independent Director) – Filipino**

Served as Plant Manager and Strategic Business Unit (“SBU”) Head of Rapid Forming Corporation since 2013. Previously, he was also a Plant Manager of Silangan Philtrade Corporation, serving from 2011 to 2012. His first professional stint at Rapid Forming Corporation was in 2006 as the SBU head. Prior, he has worked as the ISO Document Controller at SGV & Co. in 2004. He graduated with a Bachelor of Science degree in Industrial Engineering at Dela Salle University Manila in 2005.

**Alfonso Martin Eizmendi / 54 (Independent Director) - Filipino**

President and CEO of Royal Link Industries Inc., Yields Financial Corporation, Park Cent Tower Realty Corp., and WGP Villa Realty Corp. Aside from Philippine Realty and Holdings Corp., he is also a Director of Meridian Assurance Corp. Secret 6 Inc., CleanPro, The Icon Plaza Condominium Corp. Frimar Realty and Frimar USA. He was formerly the Vice-Chairman of Vi@je Corp. from 2000 to 2001, and Chairman of Blue Star Insurance Brokerage from 1998 to 2001. He graduated from De La Salle University in 1986 with bachelor’s degree in Political Science.

**Key Executive Officers**

Alfredo S. Del Rosario Jr.*	President and Chief Executive Officer
Gerardo Domenico Antonio V. Lanuza*	EVP and Chief Operating Officer
Edmundo C. Medrano	SVP and Chief Financial Officer, Treasurer, Compliance Officer and Chief Subsidiary Management Officer
Erwin V. Ciar	VP and Head, Project Construction and Management
Adeline Susan C. Carag	VP and Head, Property Management Services
Carlos Miguel T. Paca	VP and Head, Business Development and Investment Relations Officer
Richard Nicolas K. Go	VP and Head, Sales
Marissa S. Bontogon	VP and Controller
Rex P. Bonifacio	Corporate Secretary

\* Members of the Board

**Edmundo C. Medrano / 65 – Filipino**

Senior Vice President and Chief Financial Officer, Treasurer, Compliance Officer and Chief Subsidiary Management Officer of Philippine Realty and Holdings Corporation. He was elected in 2018 as an Independent Director of Credit Information Corporation and Chairman of its Audit Committee. He is currently a member of the Board of Directors of Casa Miguel Condominium Corporation, Universal Travel Corporation and Andrea North Condominium Corporation. He previously held the positions of Executive Vice President at Philtrust Bank; Vice Chairman, President and Chief Operating Officer at Producers Savings Bank Corporation; Senior Vice President at Asiatruster Development Bank; Senior Vice President at AB Capital and Investment Corporation and Head of Investment Banking and concurrently General Manager of AB Leasing and Finance Corporation; and First Vice President at AsianBank Corporation. He took his Masters of Business Management at the Asian Institute of Management from 1974 to 1976. He graduated from De La Salle College with a Degree of Bachelor of Science in Commerce major in Accounting in 1974, *Cum Laude*, and Bachelor of Arts major in Economics in 1974, *Cum Laude*.

**Erwin V. Ciar / 44 – Filipino**

Vice President and Head, Project Construction and Management of Philippine Realty and Holdings Corporation since September 2014. Concurrently, he is also Member of Board of Directors and Treasurer of PRHC Property Managers Inc. Mr. Ciar has extensive work experience for twenty-three years in the fields of project and construction management, construction supervision and contract management. He was the Vice Director PCMD for Bitexco Group of Companies from 2008 to 2014. He graduated at Pamantasan ng Lungsod ng Maynila in 1996 with a Bachelor of Science in Civil Engineering.

**Adeline Susan C. Carag / 61 – Filipino**

Ms. Carag is currently Vice President and Head, Property Management Services of Philippine Realty and Holdings Corporation. She is also currently the President of PRHC Property Managers Inc. She graduated from Eulogio "Amang" Rodriguez Institute of Science and Technology ("EARIST") in 1978 with a degree of Bachelor of Science in Chemical Engineering and Bachelor of Science in Industrial Education.

**Carlos Miguel T. Paca / 44 – Filipino**

Mr. Paca concurrently holds the positions of Vice President Head, Business Development and Investor Relations Officer of Philippine Realty and Holdings Corporation. He also holds the position as Member of the Board of Directors of Philippine Stock Exchange Centre Condominium Corporation, Icon Residence Condominium Corporation, Hola Comerciantes, Inc., and Meridian Assurance Corp. He graduated at De La Salle University with a degree of Bachelor of Science, Industrial Engineering with Minor in Mechanical Engineering in 1995.

**Richard Nicolas K. Go / 36 – Filipino**

Mr. Go is currently the Vice President and Head of Sales of Philippine Realty and Holdings Corporation. He previously worked as Sales Manager at Arthaland Corporation. He graduated from De La Salle University College of Saint Benilde in 2004 with a degree of Hotel, Restaurant, and Institution Management.

**Marissa S. Bontogon / 46 – Filipino**

Vice President and Controller of Philippine Realty and Holdings Corporation. She is a Certified Public Accountant and Certified Financial Consultant. She received her Bachelor of Science degree in Accountancy from De La Salle University in 1992.

**Atty. Rex P. Bonifacio / 46 – Filipino**

Atty. Bonifacio is the current Corporate Secretary of Philippine Realty and Holdings Corporation. Concurrently, he is also the Corporate Secretary of Philippine Stock Exchange Centre Condominium Corporation and a Partner at Pastelero Law Office. He finished his Pre law at San Sebastian College Recoletos Manila in 1992 with a degree of AB Political Science, **Cum Laude**. In 1996, he completed his Bachelor of Laws degree in San Sebastian College of Law.



### **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 (over the past five years)**

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

### **Item 10. Executive Compensation**

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
CEO and 5 most highly compensated executive officers - Gerardo Domenico Antonio V. Lanuza (EVP); Edmundo C. Medrano (SVP, CFO, Treasurer, Compliance Officer, Chief Subsidiary Mgt Officer), Carlos T. Paca (VP Business Development); Erwin V. Ciar (VP Project and Construction Mgt)	2017 –Restated	₱18.3M	₱1.3M	₱0.14M	None	₱19.7M
	2018 - Actual	30.4M	2.53M	0.14M	None	33.7M
	2019 -Projected	32.5M	2.70M	0.14M	None	35.3M
All officers as a group – Other officers include: Adeline Susan C. Carag (VP for Property Mgt); Richard Nicolas K. Go (VP Sales); Marissa S. Bontogon (VP Controller)	2017 – Actual	₱3.7M	₱0.30M	None	None	₱4.0M
	2018 - Actual	7.0M	0.58M	None	None	7.58M
	2019- Projected	7.52M	0.62M	None	None	8.1M

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 ₱6,000.00 for board meetings attended except for Independent Directors who receive ₱20,000.00. In addition, the Board of Directors is entitled to a portion of the 5% of Net Income before Tax as profit-sharing incentive for directors, officers and staff.

The directors of the Registrant received per diem in the amount of ₱1,122,520, ₱1,172,000, and ₱1,008,000 for 2018, 2017 and 2016, respectively.

# **Item 11. Security Ownership of Certain Beneficial Owners and Management**

- a. 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, 2018.**

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	2,456,130,840 shares	49.90%
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	1,755,779,066 shares	35.67%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R" / "B"	Filipino / American / Spanish / Others	275,196,201 shares	5.59%

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.

PCD Nominee holds 49.90% 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 5.59% of the company's voting securities.

- b. Shares held by Directors and Executive Officers as reported by Transfer Agent as of 31st December 2018:**

Title of Class	Name of Beneficial Owner	Amount and Nature of Class		Citizenship	% Owned
		Direct	Indirect		
Common	Gerardo O. Lanuza, Jr.	2,174,024	204,911,203	Spanish	4.20
Common	Antonio O. Olbes	6,388	500,000	Filipino	0.01
Common	Alfredo S. Del Rosario Jr.	20,261,000	-	Filipino	0.41
Common	Gerardo Domenico Antonio V. Lanuza	150,522,366	65,083	Filipino	4.38
Common	Gregory G. Yang	1,831,000	-	Filipino	0.03
Common	Andrew C. Ng	74,000	10,000	Filipino	0.00
Common	Amador C. Bacani	229,980	-	Filipino	0.00
Common	Renato G. Nuñez	10,000	-	Filipino	0.00
Common	Lorenzo V. Tan	10,000	-	Filipino	0.00
Common	Jomark O. Arollado	10,000	-	Filipino	0.00
Common	Alfonso Martin E. Eizmendi	10,000	-	Filipino	0.00
	<b>Total</b>	<b>175,138,758</b>	<b>205,486,286</b>		

- c. Voting Trust Holders of 5% or more**

Philrealty does not know any person/s holding more than 5% of Philrealty common shares under a voting trust or similar arrangement.



#### **d. Change in Control**

At present, there is neither 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**

##### **Related Party Transactions**

The Parent Company and its subsidiaries, in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses. These are transactions with subsidiaries, management, leasing and administrative service agreements. Purchase of services to and from related parties are made on an arm's length basis and at current market prices at the time of the 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 in the Notes to Financial Statements in Note No. 18. The 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. ("TIBI"). 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 financial assistance to its subsidiary, PPMI for working capital purposes.

In the transaction involving the exchange of prime real properties of Greenhills Properties Inc. ("GPI") and Meridian Assurance Corp. ("MAC") for shares in Philrealty, 2 independent property appraisal companies accredited with both the SEC and the PSE were used (and not just one property appraisal company) to determine the fair market values of the properties to be exchanged. Also, the valuation of the Philrealty common shares was based on the historical 120-day arithmetic average (and not just based on a couple of days) of the Volume Weighted Average Price ("VWAP") of Philrealty obtained on a daily basis. Daily volume weighted average prices were used, and 120 days data set was used, to smoothen the peaks and valleys in the said data set.

R. G. Manabat & Co. was also engaged to render a Valuation and Fairness Opinion Report. The result of the Valuation and Fairness Opinion Report prepared for Philrealty by R. G. Manabat & Co. determined that the transaction price (and the transaction value) for the issuance of new shares from an increase in the authorized capital stock in favor of GPI and MAC in exchange for properties that the two (2) entities will infuse into RLT, is fair.

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.

### **Suppliers**

The Company has broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

### **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.

**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**

**a. Exhibits**

1. 2018 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
2. Subsidiaries of the Registrant

**b. Reports on SEC Form 17-C**

1.	January 9, 2018	Election of Mr. Amador C. Bacani as member of the Board of Directors of Philippine Realty and Holdings Corporation effective January 9, 2018.
2.	January 19, 2018	In the regular meeting of the Board of Directors of the Company held today, January 16, 2018, the Board approved the sale of its 749,999 shares in Meridian Assurance Corporation (MAC), representing 29.99% of MAC's outstanding shares of stock.
3.	March 20, 2018	Notice of Annual Stockholders Meeting for 2018
4.	March 27, 2018	Clarification on the Notice of Annual Stockholders Meeting for 2018
5.	April 23, 2018	Approval by the Board of Directors of Philippine Realty and Holdings Corporation ("RLT" or the "Company") of the proposal to effect the cessation of business operations of Universal Travel Corporation ("UTC"), a company owned 81.53% by RLT, due to UTC's continuing losses and increasing capital deficiency.
6.	April 23, 2018	Amendment to Articles of Incorporation ("AOI") to increase the authorized capital stock of Philippine Realty and Holdings Corporation ("RLT" or the "Company") to accommodate the issuance of new, primary shares from the increased capital stock in favor of Greenhills Properties Inc. ("GPI") and Meridian Assurance Corp. ("MAC") in exchange for prime real properties that the two (2) entities will contribute into RLT as capital.
7.	May 30, 2018	Approval by the Board of Directors of Philippine Realty and Holdings Corporation ("RLT" or the "Company") of the proposal to reclassify Appropriated Retained Earnings for Treasury Stock Acquisitions to Unappropriated Retained Earnings.
8.	July 25, 2018	Results of 2018 Annual Stockholders' Meeting
9.	July 25, 2018	Resignation of Mr. Vincent Fischer as Chief Financial Officer effective July 23, 2018 and appointment of Mr. Edmundo C. Medrano as Chief Financial Officer, Treasurer, Compliance Officer and concurrently Senior Vice President and Chief Subsidiary Management Officer

10.	July 25, 2018	Result of Valuation and Fairness Opinion Report prepared for Philippine Realty and Holdings Corporation (" <b>RLT</b> " or the " <b>Company</b> ") by R. G. Manabat & Co. in determining the transaction price (and the transaction value) for the issuance of new shares from an increase in the authorized capital stock in favor of Greenhills Properties Inc. (" <b>GPI</b> ") and Meridian Assurance Corporation (" <b>MAC</b> ") in exchange for properties that the two (2) entities will infuse into RLT.
11.	August 6, 2018	Universal Travel Corporation (" <b>UTC</b> "), a subsidiary of Philippine Realty and Holdings Corporation (" <b>RLT</b> ") has ceased its travel agency business operations on a voluntary basis on 6 August 2018 due to continuing losses and increasing capital deficiency. The terminated employees of UTC numbering six (6) were all paid their separation benefits, and all creditors were also paid prior to the temporary cessation of business operations.
12.	August 17, 2018	New set of Corporate Officers, Board and Management Committees for the ensuing year.
13.	August 23, 2018	Promotion of Ms. Marissa S. Bontogon from Assistant Vice President and Controller to Vice President and Controller effective September 1, 2018.
14.	November 21, 2018	Disclosure of Corporate Governance Seminar and transmittal of Certificates of Attendance
15.	February 19, 2019	Notice of Annual Stockholders Meeting for 2019
16.	March 15, 2019	<p>Philippine Realty and Holdings Corporation ("<b>RLT</b>"), as a result of an amicable settlement with Universal Leisure Corporation (for itself and as assignee of Universal Rightfield Property Holdings Inc. and DMCI Project Developers, Inc.), fully settled and satisfied the judgement of the courts in Civil Case No. 67092, by returning to Universal Leisure Corporation ("<b>ULC</b>") the amounts that ULC paid and deemed to have paid in favor of RLT in the total amount of ₱231,150,000, covering the purchase of a Penthouse unit located at the 34th Floor, West Tower of the Philippine Stock Exchange Centre ("<b>PSEC</b>" or "<b>Tektite Towers</b>") containing a floor area of 2,370 sq.m. and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the PSEC. The settlement puts an amicable and mutually-beneficial closure to a 20-year-old legal case.</p> <p>As disclosed by the Philippine Stock Exchange Inc. ("<b>PSE</b>") in a Circular for Brokers dated 7 December 1998, RLT confirmed that it filed Civil Case No. 67092 before the Regional Trial Court of Pasig City Branch 161 against ULC, Universal Rightfield Property Holdings Inc. ("<b>URPHI</b>") and DMCI Project Developers, Inc. ("<b>DMCI-PDI</b>") for sum of money and damages.</p> <p>With the agreement that also fully satisfied the judgement of the courts, RLT recovered a Penthouse unit located at the 34th Floor, West Tower of the PSEC and 74 parking slots located at the Podium 3 Parking Level of the West Tower of</p>

		the PSEC. The fair value of the Penthouse unit and the 74 parking slots have been determined recently by an independent property appraisal company accredited with the Securities and Exchange Commission (" <b>SEC</b> ") and with the PSE to be higher than the ₱231,150,000 returned by RLT to ULC.
17.	April 10, 2019	Philippine Realty and Holdings Corporation (" <b>RLT</b> ") requested extension to submit Annual Report as RLT is still finalizing its Consolidated Financial Statements as of December 31, 2018

**EXHIBIT 2****SUBSIDIARIES OF THE REGISTRANT**  
**(as of December 31, 2018)**

<b>Name</b>	<b>% of Ownership</b>
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%

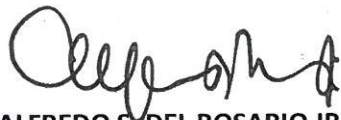


## SIGNATURES

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 \_\_\_\_\_, 2019.

### 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 and Chief Executive Officer



**EDMUNDO C. MEDRANO**  
Senior Vice President and Chief Financial  
Officer, Treasurer, Compliance Officer and  
Chief Subsidiary Management Officer



**MARISSA S. BONTOGON**  
Vice President and Controller



**REX P. BONIFACIO**  
Corporate Secretary

**29 APR 2019**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019, affiants exhibiting to me their government-issued identification cards, as follows:

Names	ID Number	Date of Issue	Place of Issue
Alfredo S. Del Rosario Jr.	TIN: 108-160-980		
Edmundo C. Medrano	TIN: 134-515-229		
Marissa S. Bontogon	TIN: 162-411-720		
Rex P. Bonifacio	TIN: 236-070-936		



**ATTY. CONCEPCION P. VILLARENA**  
Notary Public for Quezon City  
Until December 31, 2019  
PTR No. 7323642 - 1-03-2019/ QC  
IBP No. AR14460591 - 12-17-2018/ QC  
Roll No. 30457 - 05-09-80  
MCLE 5-0012536 - 12-21-2015  
Adm. Matter No. NP 270 (2018-2019)

**NOTARY PUBLIC**

Doc. No. 278 ;  
Page No. 44 ;  
Book No. 28 ;  
Series of 2019