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Philippine Realty and Holdings Corporation

**MATERIAL RELATED PARTY
TRANSACTIONS MANUAL**

17 September 2019



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A. OVERVIEW

In 2015, Philippine Realty and Holdings Corporation ("**RLT**" or the "**Company**") came up with a Policy Manual on Related Party Transactions ("**RPTs**").

On 29 April 2019, the Securities and Exchange Commission ("**SEC**") issued SEC Memorandum Circular No. 10 Series of 2019, that contained the Rules for Publicly-Listed Companies ("**PLCs**") on Material Related Party Transactions ("**Material RPT Rules**" or "**Rules**"), in order to promote good corporate governance and the protection of minority investors.

The above-mentioned SEC Memorandum Circular focuses and regulates only "**Material**" RPTs which the Circular defined to be **ten percent (10%) or higher** of a PLC's total assets based on its latest audited financial statements ("**AFS**"), or if the PLC is a parent company (such as RLT), the total assets shall pertain to its **total consolidated assets**.


Thus, the title of this policy manual is "*Material Related Party Transactions Manual*".

SEC Memorandum Circular No. 10 Series of 2019 required all PLCs to submit to the SEC a policy on Material RPTs that will be in accordance with the regulations and policy statements enunciated in the said SEC Memorandum Circular within six (6) months from the effectivity of the Material RPT Rules (or **up to 26 October 2019**).

This policy manual is also being crafted in recognition of RLT's desire to strengthen its Material RPT Rules to prevent or mitigate abusive material transactions with related parties and avoid risks of conflict of interest.

Similarly, Philippine Accounting Standard ("**PAS**") 24 on *Related Party Disclosures* provides that an entity should disclose information about the transactions, outstanding balances and terms and conditions necessary for an understanding of the potential effect of the relationship on the financial statements. At a minimum, the disclosures shall include: (a) the amount of the transactions; (b) the amount of outstanding balances and their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and details of any guarantees given or received; (c) provisions for doubtful debts related to the amount of outstanding balances; (d) the expense recognized during the period in respect of bad or doubtful debts due from related parties.

This Policy Manual sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Board of Directors or Shareholders as the case may be, and disclosure requirements for Material RPTs.

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B. OBJECTIVES


It is generally conceded and recognized that transactions between and among related parties create financial, commercial and economic benefits to individual institutions and to the entire group where said institutions belong.

In this regard, Material RPTs are generally allowed provided, that these are done on an arm's length basis. Our regulators expect PLCs to exercise appropriate oversight and implement effective control systems for managing said exposures to prevent abuses that may be disadvantageous to the Company, its creditors, minority stockholders, customers/clients, and other stakeholders.

This Material RPT Manual applies to RLT, its parent company, its subsidiaries and associate companies, affiliates, and intended to ensure that:

1. All identified Material RPTs are conducted in a manner that will protect RLT and its shareholders from conflict of interest which may arise between RLT and its Related Parties;
2. Material RPTs are conducted on an arm's-length basis, the terms are fair, and for the best interest of RLT, its shareholders, subsidiaries and affiliates;
3. Material RPTs are properly evaluated, reviewed and approved by designated authorities; and
4. Adequate disclosure/s is maintained for Material RPTs in compliance with applicable legal and regulatory requirements.


Compliance to the Material RPT Rules shall be mandatory for all PLCs pursuant to the SEC's authority under Section 179 (d) of Republic Act No. 11232, otherwise known as the *Revised Corporation Code of the Philippines*.

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C. DEFINITION OF TERMS

For purposes of this Manual for Material RPT Rules, the definitions for the following terms shall apply, as provided for in the Material RPT Rules released by the SEC:

1. **Related Parties** - covers RLT's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over RLT. It also covers RLT's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
2. **Substantial Shareholder** - any person who is directly or indirectly the beneficial owner of **more than ten percent (10%)** of any class of its equity security.
3. **Affiliate** - refers to an entity linked directly or indirectly to RLT through any one or a combination of any of the following:
 - 3.1. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by company of **at least ten percent (10%)** or more of the outstanding voting stock of RLT, or vice-versa;
 - 3.2. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - 3.3. Common shareholders owning **at least ten percent (10%)** of the outstanding voting stock of RLT and the entity; or
 - 3.4. Management contract or any arrangement granting power to RLT to direct or cause the direction of management and policies of the entity, or vice-versa.
4. **Associate** - an entity over which RLT holds **twenty percent (20%) or more** of the voting power, directly or indirectly, or which RLT has significant influence.
5. **Significant Influence** - the power to participate in the financial and operating policy decisions of a related company but has no control or joint control of those policies.
6. **Control** - a person or an entity controls RLT if and only if the said person or entity has all of the following:
 - 6.1. Power over more than one-half of the voting rights with or without an agreement with other stockholders;
 - 6.2. Exposure, or rights, to variable returns from its involvement with RLT; and
 - 6.3. The ability to use its power over RLT to affect the amount of RLT's returns.

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- 6.4. Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
 - 6.5. Power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body; or
 - 6.6. Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
 - 6.7. Any other arrangement similar to any of the above.
7. **Related Party Transactions** - a transfer of resources, services or obligations between RLT and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered with unrelated party that subsequently becomes a related party.
 8. **Material Related Party Transactions** - are any RPT/s either individually, or in aggregate over a **twelve (12) month period** with the same related party, amounting to **ten percent (10%) or higher** of the RLT's consolidated total assets based on its latest audited consolidated financial statements.
 9. **Materiality Threshold - ten percent (10%)** of RLT's **consolidated total assets** based on its latest audited consolidated financial statement.
 10. **Arm's-length** - refers to transactions in an open and unrestricted market between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.
 11. **Related Party Registry** - a record of the organizational and structural composition, including any change thereon, of RLT and its related parties.
 12. **Abusive Material Related Party Transactions** - defined to refer to Material RPTs that have not been entered at arm's length and unduly favor a related party.

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D. DUTIES AND RESPONSIBILITIES

1. Board of Directors

The Board of Directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of RLT's shareholders and other stakeholders. Toward this end, the Board of Directors shall carry out the following duties and responsibilities:


- 1.1. To institutionalize an overarching policy on the management of Material RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times and Material RPTs are conducted on an arm's-length basis, and that no stakeholder is unduly disadvantaged.

A group-wide Material RPT Rules shall be adopted, encompassing all entities within the Group, taking into account their size, structure, risk profile and complexity of operations.


The Material RPT Rules shall include, but shall not be limited to the following:

- 1.1.1. **Definition of related parties.** The Material RPT Rules shall clearly define "related parties". It shall identify persons and companies that are considered RLT's related parties. The Material RPT Rules shall require Management to periodically review and update the inventory of related parties to capture organizational and structural changes in RLT and its related parties.
- 1.1.2. **Coverage of Material RPT Rules/policy.** The coverage of the Material RPT Rules shall capture a broader spectrum of transactions, covering not only those that give rise to credit and/or counterparty risks but also those that involve mergers and consolidation and exchange of assets for shares or similar transactions with related parties, etc., that could affect the Company's minority stockholders and other stakeholders.

Transactions that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Rules. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of the Material RPT Rules.

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- 1.1.3. **Guidelines in ensuring arm's length terms.** The Rules shall have clear guidelines in ensuring that Material RPTs as defined in these Rules are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances. This shall include guidance for an effective price discovery mechanism to ensure that Material RPTs are engaged into at terms that promote the best interest of RLT and its stakeholders. The price discovery mechanism may include, but not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.
- 1.1.4. **Conflicts of interest.** The Rules shall cover the identification and prevention or management of potential or actual conflicts of interest which may arise in Material RPTs. The members of the board, stockholders, and management shall disclose to the board whether they directly, indirectly or on behalf of third parties, have a financial interest in any Material RPT or matter affecting RLT. Directors and officers with personal interest in the Material RPT shall abstain from the discussion, approval and management of such transaction or matter affecting the Company.
- 1.1.5. **Materiality thresholds and excluded Material RPTs.** The Rules shall include materiality thresholds for Material RPTs, which shall be set at a level where omission or misstatement of the Material RPT could pose significant risk to the Company and could influence the economic decisions of its board of directors. The Material RPT Rules may also identify transactions excluded from the materiality threshold requirement, such as transactions those granted under board-approved programs, such as but not limited to, fringe benefit programs to directors, officers and employees.
- 1.1.6. **Whistle blowing mechanisms.** The Material RPT Rules shall include effective whistleblowing mechanisms consistent with the corporate values and codes of conduct set by the board of directors. The policy shall encourage employees to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs. It shall include guidance on how and by whom legitimate material concerns should be reported, investigated and addressed by an objective independent internal or external body, senior management and/or the board itself.

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1.1.7. **Restitution of losses and other remedies for abusive Material RPTs.** The policy shall include measures that would cut losses and allow recovery of losses or opportunity costs incurred by the Company arising from Material RPTs that are not engaged on arm's length terms. The Material RPT Rules shall also include the manner of handling personnel, officers or directors, who have been remiss in their duties in handling Material RPTs.

The overarching policy will consolidate all existing policies that address the above requirements or may make reference to already existing policies.


1.2. To approve all Material RPTs, those that cross the materiality threshold, and write-off material exposures to related parties, as well as any renewal or material changes in the terms and conditions of Material RPTs previously approved.

Material changes in the terms and conditions of the Material RPT include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT.

1.3. To establish an effective audit, risk and compliance system to:

- 1.3.1. Determine, identify and monitor related parties and Material RPTs;
- 1.3.2. Continuously review and evaluate existing relationships between and among business groups and counterparties; and
- 1.3.3. Identify, measure, monitor and control risks arising from Material RPTs.

The system shall be able to define the related parties' extent of relationship with RLT; assess situations in which a non-related party (with whom the Company has entered into a transaction) subsequently becomes a related party and vice-versa; and generate information on the nature and amount of exposures of RLT to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the Internal Audit and Compliance Officer and shall be updated regularly for their sound implementation.


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2. RPT Committee

The Related Party Transaction Committee ("**RPT Committee**") is tasked to review and evaluate Material RPTs, which shall be composed of three (3) independent directors and one (1) executive director, chaired by an Independent Director.

The RPT Committee shall have the following responsibilities:


- 2.1. Evaluates on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, Material RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related parties and vice-versa) are captured. Related parties, Material RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators;
- 2.2. Evaluates all Material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of RLT are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise a result of or in connection with the transactions. In evaluating Material RPTs, the Committee considers, among others, the following:
 - 2.2.1. The related party's relationship to RLT and interest in the transaction;
 - 2.2.2. The material facts of the proposed Material RPT, including the proposed aggregate value of such transaction;
 - 2.2.3. The benefits to RLT of the proposed Material RPT;
 - 2.2.4. The availability of other sources of comparable products or services; and
 - 2.2.5. An assessment of whether the proposed Material RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. RLT shall have an effective price discovery system in place and exercise due diligence in determining a fair price for Material RPTs.
- 2.3. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to RLT's Material RPTs/exposures, and policies on conflict of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest

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that are inconsistent with such policies, and conflicts that could arise as a result of RLT's affiliation or transactions with other related parties;

- 2.4. Reports to the Board of Directors on a regular basis, the status and material aggregate exposures to each related party, as well as the total amount of material exposures to all related parties;
- 2.5. Ensures that material transactions with related parties, including write-off exposures are subject to a periodic independent review or audit process.

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3. Members of the Board of Directors

Directors (and officers) with personal interest in a Material RPT shall fully and timely disclose any and all material facts, including their interests in the Material RPT and abstain from the discussion, approval and management of such Material RPT affecting RLT.

In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the existence of a quorum and their votes shall not be counted for purposes of determining the requisite approval as discussed in a succeeding section/s.

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4. Senior Management

4.1. Monitoring


Senior management shall implement appropriate controls to effectively manage and monitor Material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with policies and regulations.

4.2. Self-assessment and periodic review of policy

4.2.1. **Internal audit function.** The internal audit function shall conduct a periodic formal review of the effectiveness of the system and internal controls governing Material RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits shall be communicated directly to the Audit Committee.

4.2.2. **Compliance function.** The compliance function shall ensure that RLT complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. It shall aid in the review of the Company's transactions and identify any potential Material RPT that would require review by the Board or RPT Committee. It shall ensure that the Manual on Material RPT Rules is kept updated and is properly implemented throughout the Company.

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E. MATERIAL RELATED PARTY TRANSACTIONS – INCLUSIONS AND EXCLUSIONS

1. **Covered Material Related Party Transactions.** This Material RPT Manual includes or covers transactions by RLT with any related party as defined herein, either individually, or in aggregate over a **twelve (12) month period** (within the same calendar year) with the same related party, amounting to **ten percent (10%) or higher** of the **consolidated total assets** of RLT based on its latest audited consolidated financial statements.

The transactions covered under this Manual include, but shall not limited to, the following, provided the transaction hurdles the Materiality Threshold:


- 1.1. On- and off-balance sheet credit exposures and claims and write-offs;
- 1.2. Investments and/or subscriptions for debt/equity issuances;
- 1.3. Consulting, professional, agency and other service arrangements/contracts;
- 1.4. Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements);
- 1.5. Construction arrangements/contracts;
- 1.6. Lease arrangements/contracts;
- 1.7. Trading and derivative transactions;
- 1.8. Borrowings, commitments, fund transfers and guarantees;
- 1.9. Sale, purchase or supply of any goods or materials;
- 1.10. Establishment of joint venture entities;
- 1.11. Exchanges of properties for shares; and
- 1.12. Mergers and consolidations, etc.

Material RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

2. **Materiality Threshold.** The Materiality Threshold in this Manual is **ten percent (10%) or higher** of RLT's **consolidated total assets** based on its latest audited consolidated financial statement.

For RLT, this amounts to approximately **₱502.3 Million as of 31 December 2018.**


3. **No Adjusted Materiality Threshold.** The Materiality Threshold of 10% of consolidated total assets is being retained in this Manual for the following reasons:

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- 3.1. It is way below the average for PLCs. Based on the information provided by the SEC, the average of transactions covering 10% or more of the total assets of PLCs for the year 2017 amounted to **₱3.498 Billion**.
- 3.2. On the other hand, the 10% is substantially higher than **0.09% average threshold** set by the PLCs, based on data provided by the SEC.
- 3.3. Ten percent (10%) of a company's total assets is acknowledged by the **World Bank** as an **acceptable threshold in determining materiality for RPTs based on international best practices**.
4. **Excluded Transactions**. In general, all transactions by RLT with a related party as herein defined that do not reach the Materiality Threshold, **shall be excluded** from the coverage of this Material Related Party Transactions Manual.

These transactions include, but are not limited to, the following:


- 4.1. Transactions with related parties in the ordinary course of business;
- 4.2. Compensation packages, including incentives, performance bonuses, profit-sharing and fringe benefits granted to directors, officers and employees duly approved by the Executive Committee;
- 4.3. Sale and/or lease of commercial space, real property, equipment and other assets either as seller/buyer and or lessee/lessor, respectively, *Provided*, That such transaction/s is transacted substantially under the same terms and conditions as those granted to an unrelated party at the time of the transaction for a comparable product or service;
- 4.4. Inter-company transactions such as cash advances, insurance-related services and other types of transactions among related parties;
- 4.5. Rendering of services covered by Service Level Agreements ("**SLAs**") and cost reimbursement arrangements in relation to manpower, utilities, construction, engineering, procurement, property management and other similar service in the ordinary course of business.

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F. IDENTIFICATION, REVIEW, ENSURING ARM'S LENGTH TERMS AND APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS


1. The Management shall on a periodic basis identify, monitor, update and review its related party registry (i.e. subsidiaries, affiliates, and persons) to capture organizational and structural changes thereon.
2. For each new and/or proposed Material RPT, Management should cover the following:
 - 2.1. The terms, business purpose, benefits and other details of the Material RPT.
 - 2.2. The nature of the relationship of the party or parties involved in the transaction in relation to RLТ.
 - 2.3. The description of the transaction, covered periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements (e.g. amounts due to or from related parties to the transaction, the terms of the Material RPT, manner of settlement and etc.).
3. To ensure that no preferential treatment is given to related parties that are not extended to non-related parties under similar circumstances, Management may appoint an external independent party to evaluate the fairness of the terms of the Material RPTs. An external independent party may include, but may not be limited to, auditing/accounting firms, law firms, third party consultants, property appraisers, etc.

The independent evaluation of the fairness of the terms of the Material RPT, particularly the price, ensures the protection of the rights of the shareholders and other stakeholders.
4. The Management shall report to the RPT Committee each new or proposed Material RPT for review and approval, before its commencement.
5. The RPT Committee shall review all the information reported by the Management and shall consider all the relevant facts and circumstances available, including but not limited to the following:
 - 5.1.1. The aggregate value of the Material RPT.
 - 5.1.2. The terms of the transaction, which should be fair and to the best interest of RLТ.

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- 5.1.3. The transaction is carried in an arm's-length basis and no less favorable than those generally available to non-related parties under the same or similar circumstances.
- 5.1.4. Evaluate the related party to ensure that no corporate or business resources of RLT are misappropriated or misapplied and determine any potential risk issues that may arise as a result of or in connection with the material transaction.
- 5.1.5. Any other relevant information regarding the material transaction.
- 5.2. Material RPTs reviewed and approved by the RPT Committee shall be presented to the Board of Directors for final approval, with the endorsement of the RPT Committee.
- 5.3. Any member of the RPT Committee and/or Board of Directors who has personal interest in the new or proposed Material RPT should abstain from participating in the review, discussions and voting on the new or proposed Material RPT.
- In case the member referred to above refuses to abstain, his attendance shall not be counted for the purpose of assessing the existence of a quorum and his vote shall not be counted for purposes of determining approval.
- 5.4. All individual Material RPTs shall be approved by **at least two-thirds (2/3) vote** of the Board of Directors and with at least majority of the independent directors voting to approve the material RPT.
- 5.5. In case that the majority vote of the independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing two-thirds (2/3) of the outstanding capital stock.
- 5.6. For aggregate or creeping RPT transactions within a **twelve (12)- month period** that breach the materiality threshold of **ten percent (10%)** or more of RLT's **total consolidated assets**, the same approval/approval process (as described in Sections F.5.4 to F.5.5 above) would be required for the material transaction/s that meets and exceeds the materiality threshold covering the same related party.
- For purposes of this Section, the twelve (12)- month period referred to in the immediately preceding paragraph shall refer to **twelve (12) months within the same calendar year** for ease of monitoring.
- 5.7. The RPT Committee may, at any time ask for the review of any Material RPT.

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G. ABUSIVE MATERIAL RELATED PARTY TRANSACTIONS

1. **Abusive Material RPTs Defined.** Abusive Material RPTs was defined to refer to Material RPTs that have not been entered at arm's length and unduly favor a related party.
2. **Remedies for Abusive Material RPTs.**
 - 2.1. Immediately upon discovery, every effort will be exerted to discontinue, unwind or rescind the Abusive Material RPT to be able to cut losses at the very least, and to allow recovery of actual losses or opportunity losses incurred by RLT. Alternatively, renegotiation of the terms of the Material RPT will be attempted to achieve the same effect/s.
 - 2.2. Whenever applicable, RLT shall seek ways to obtain restitution/compensation for actual losses or opportunity losses incurred from such transaction.
3. **Penalties for Abusive Material RPTs.** The penalties for Abusive Material RPTs are as follows:
 - 3.1. Pursuant to Sections 26 and 27 of the Revised Corporation Code, an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any other corporation on the basis of a final judgement rendered by a court of competent jurisdiction against the interested director or officer for Abusive Material RPTs.


The disqualification shall be for a period of at least one (1) year or more, as may be determined by the SEC.
 - 3.2. The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by the SEC, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code, the Securities Regulation Code, and other related laws.
4. **Whistle Blowing Mechanisms.** Material RPTs shall be covered by the Whistle Blowing Policy Manual of RLT. The policy manual encourages all stakeholders to communicate, confidentiality and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs. Guidelines and procedures are to be followed properly as indicated in the above-cited policy manual.

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H. DISCLOSURE AND REGULATORY REPORTING

Material RPTs are required to be disclosed and reported in RLT's filings with the SEC. The following shall be submitted to the SEC:

1. A summary of material RPTs entered into during the reporting year shall be included and disclosed in RLT's Integrated Annual Corporate Governance Report ("**I-ACGR**") to be submitted annually every May 30.
2. Advisement Report in the form attached herein as **Annex A** of any Material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or by any one of the representatives authorized by the Board of Directors, namely, any one (1) of the following officers: (a) the President and Chief Executive Officer; or (b) the Executive Vice President and Chief Operating Officer; or (c) the Compliance Officer.
3. At a minimum, the disclosures in both Sections H.1. and H.2. above shall include the following information:
 - 3.1. Complete name of the related party;
 - 3.2. Relationship of the parties;
 - 3.3. Execution date of the Material RPT;
 - 3.4. Financial or non-financial interest of the related parties;
 - 3.5. Type and nature of transaction as well as a description of the assets involved;
 - 3.6. Total consolidated assets;
 - 3.7. Amount of contract price;
 - 3.8. Percentage of the contract price to the total consolidated assets of RLT;
 - 3.9. Carrying amount of collateral, if any;
 - 3.10. Terms and conditions;
 - 3.11. Rationale for entering into the Material RPT; and
 - 3.12. The approval obtained (i.e., name of the directors present, name of the directors who approved the Material RPT and the corresponding voting percentage obtained)
4. The Material RPT Manual with accessible link shall be posted in the website of RLT within five (5) days from its submission to the SEC.

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I. EFFECTIVITY


This Material RPT Manual shall be effective upon distribution and dissemination to all concerned but after its approval by the Board of Directors of the Company on **17 September 2019** and will be effective until revoked or amended by the Company, through a Board Resolution.

J. REVIEW

This Manual may be amended at any time as and when necessary or when a new guideline/s and/or regulation/s is/are issued by the SEC, and/or by the Philippine Stock Exchange Inc. ("PSE") and/or by other regulatory government agency/ies.

Endorsed by:

RELATED PARTY TRANSACTIONS COMMITTEE:


ALFONSO MARTIN E. EIZMENDI
 Chairman of the RPT Committee
 Independent Director


RENATO G. NUÑEZ
 Member
 Independent Director


JOMARK O. AROLLADO
 Member
 Independent Director



ALFREDO S. DEL ROSARIO, JR.
 Member
 Director, President and Chief Executive Officer

Approved by the Board of Directors on **17 September 2019**.

Attested by:


GERARDO DOMENICO ANTONIO V. LANUZA
 Chairman of the Board of Directors


ALFREDO S. DEL ROSARIO, JR.
 Director, President and Chief Executive Officer


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


MARISSA S. BONTOGON
 Vice President and Controller and
 Compliance Officer

SECRETARY'S CERTIFICATE

I, **REX P. BONIFACIO**, of legal age, married, Filipino and with office address at Pastelero Law Office, Unit 1503, 15th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state:

1. That I am the Corporate Secretary of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** (interchangeably referred to as "**Corporation**" or "**RLT**" for brevity), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and place of business at One Balete, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111;
2. That as Corporate Secretary, I have access to the Minutes of the Meetings of the Board of Directors and the Stockholders of the Corporation;
3. That at the regular meeting of the Board of Directors of the Corporation held on 17 September 2019, wherein a quorum was present and acting throughout, the following resolutions were passed and approved:

WHEREAS, the Securities and Exchange Commission ("**SEC**") issued on 29 April 2019, SEC Memorandum Circular No. 10 Series of 2019, that contained the Rules for Publicly-Listed Companies ("**PLCs**") on Material Related Party Transactions ("**Material RPT Rules**" or "**Rules**"), in order to promote good corporate governance and the protection of minority investors;

WHEREAS, SEC Memorandum Circular No. 10 Series of 2019 required all PLCs to submit to the SEC a policy on Material RPTs that will be in accordance with the regulations and policy statements enunciated in the said SEC Memorandum Circular within six (6) months from the effectivity of the Material RPT Rules (or up to 26 October 2019);

WHEREAS, the Management of the Corporation, not only in order to comply with the above-cited SEC Memorandum Circular but also in recognition of its desire to strengthen its Material RPT Rules to prevent or mitigate abusive material transactions with related parties and avoid risks of conflict of interest, crafted the Material Real Party Transactions Manual, and presented the same to the Corporation's Related Party Transactions Committee ("**RPT Committee**") and to the Board of Directors;

After discussions, and upon motion by Independent Director Alfonso Martin E. Eizmendi and duly seconded by Director Gregory G. Yang –

NOW, THEREFORE, be it resolved that:

"RESOLVED, That in order to comply with the directives of SEC Memorandum Circular No. 10 Series of 2019, there is a need to amend the Corporation's existing Policy Manual on Related Party Transactions to make the same consistent with the requirements, regulations and policy statements set forth in SEC Memorandum Circular No. 10 Series of 2019;

“RESOLVED FURTHER, That the amended Policy Manual on Related Party Transactions that has been renamed **“Material Related Party Transactions Manual”** as formulated and presented by Management to the RPT Committee and to the Board of Directors, be approved for adoption effective 17 September 2018 and upon its dissemination to all concerned within the organization;

“RESOLVED FURTHER, That the following officers of the Corporation be authorized to sign the Material Related Party Transactions Manual:

Name	Position/Designation
Gerardo Domenico Antonio V. Lanuza	Chairman of the Board
Alfredo S. Del Rosario Jr.	President and Chief Executive Officer
Edmundo C. Medrano	Executive Vice President and Chief Operating Officer and Treasurer
Marissa S. Bontogon	Vice President and Controller and Compliance Officer

“RESOLVED, FINALLY, That the foregoing resolution shall continue to have full force and effect until the same is repealed, amended and/or suspended by a subsequent resolution/s to the contrary.”

4. That the above resolution is in accordance with and does not contravene any provision of the Articles of Incorporation or By-Laws of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 11-9 SEP 2019 2019 in the City of Pasig, Philippines.




REX P. BONIFACIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this 11-9 SEP 2019 2019 at Pasig City, affiant exhibiting to me his TIN No. 236-070-936 issued by the Bureau of Internal Revenue and SSS No. 33-7143643-6 issued by the Social Security System, for purposes of identification, and who avowed under penalty of law to the truth of all the contents thereof.

NOTARY PUBLIC

Doc. No. 216 ;
Page No. 45 ;
Book No. 2 ;
Series of 2019.



FIDEL R. RACASA
Notary Public for and in Pasig City
Until December 31, 2020
Appointment No. 0 (2019-2020)
Roll of Attorney's No. 35503
PTR No. 5174349 Jan. 4, 2019 Pasig City
BFP No. 057087 Dec. 24, 2010 Rizal
MCLE-Comp-VI-001106 Nov. 7, 2013
E-1503 Phil. Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City, Phils.