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(Company's Full Name)

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

MARK ANTHONY RAMOS
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Contact Person

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Month

Day

SEC Form 17-A
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FORM TYPE

636-1170
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Company Telephone Number

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Month

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Annual Meeting

N/A
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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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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 2019
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.: 8631-3179
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 3,103,379,525 of outstanding common shares is ₱931,013,858 computed on the basis of ₱0.30 per common share as of close of December 31, 2019.
14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

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## PART I

### BUSINESS AND GENERAL INFORMATION

#### Item 1. Business

Philippine Realty and Holdings Corporation (hereinafter referred to by its trading symbol “**RLT**” or the “**Parent 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 ₱2,000,000.00. In 1986, the Parent Company’s Authorized Capital Stock (“**ACS**”) was increased to ₱100,000,000.00 to accommodate the entry of new stockholders. Its present authorized capital stock is ₱4,000,000,000.00 divided into 8,000,000,000 shares with par value of ₱0.50 per share, of which 4,922,324,908 shares are subscribed and outstanding.

The principal activities of the Parent 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 Parent Company was listed with the Philippine Stock Exchange (“**PSE**”) on September 7, 1987.

RLT is 35.67% owned by Greenhills Properties, Inc. (“**GPI**”), a corporation incorporated under the laws of the Philippines. The remaining shares are owned by various individuals and institutional stockholders.

On April 18, 2018, the Board of Directors of the Parent Company approved the contribution by GPI into RLT of two (2) vacant lots located in Bonifacio Global City (“**BGC**”) more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6<sup>th</sup> Avenue and 24<sup>th</sup> Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6<sup>th</sup> Avenue corner 25<sup>th</sup> Street. Lot 1 Block 8 is registered under the name of GPI, and GPI also acquired Lot 4 Block 8 from its wholly-owned subsidiary, Lochinver Assets Inc. (LAI), by way of merger approved by the SEC, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The proposed transaction will involve the issuance of 4,177,777,778 new common shares by the Parent Company in favor of GPI, to be issued from the increase in the ACS of the Parent Company, in exchange for GPI’s contribution of two (2) vacant lots in the BGC as capital.

On July 23, 2018, the Stockholders approved the above transaction and the amendment of Article VII of the Parent Company’s Articles of Incorporation increasing the Parent Company’s authorized capital stock from 8,000,000,000 common shares with a par value of ₱0.50 per share to 16,000,000,000 common shares with a par value of ₱0.50 per share. The Parent Company’s application with the SEC for the increase in authorized capital was approved on May 14, 2019.

The contribution of two (2) vacant lots in the BGC by GPI in exchange for RLT’s shares of stock is still pending due to the processing of the titles of the two (2) vacant lots.

The Parent Company’s registered office is at One Balete, 1 Balete Drive Corner N. Domingo St.



Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

### **Subsidiaries**

RLT has organized/invested in the following subsidiaries and affiliates (RLT together with its subsidiaries and affiliates are referred herein as “**RLT Group of Companies**” or simply “**RLT Group**”).

#### ***PRHC Property Managers, Inc. (100% owned)***

PRHC Property Managers, Inc. (“**PPMI**”) was incorporated in May 1991 to oversee the administration, operation and monitoring of RLT’s growing number of real estate properties. Its clients include: Philippine Stock Exchange Centre Condominium Corporation, Icon Residences Condominium Corporation, Icon Plaza Condominium Corporation, Casa Miguel Condominium Corporation, Andrea North Condominium Corporation, Nobel Plaza Condominium, LTA Condominium, Greenhills Properties Inc.’s El Pueblo Real de Manila, The Pinnacle Condominium and Greenrich Mansion Condominium, Tycoon Centre Condominium Unitowners Association Inc., and Seibu Tower Condominium Corporation.

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: RLT Group of Companies, RG Meditron, Philippine Stock Exchange Centre Condominium Corporation, Icon Residences Condominium Corporation, Icon Plaza Condominium Corporation 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 principally to the offices at the Philippine Stock Exchange Centre (“**PSEC**”). In August 2018, the Company announced that it 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 RLT wherein the Parent Company sought 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 plastics into fuel (gasoline, diesel and kerosene) using patented technology which was duly-certified on November 2, 2015 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 RLT, which are derived from domestic sales and their relative contribution to total revenues, are as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Sale of Condominium Units	57.01%	55.42%	62.34%
Leasing	2.70%	5.61%	3.73%
Property Management	2.27%	1.87%	2.39%
Insurance Brokerage	0.30%	0.37%	0.60%
Other Income	37.72%	36.73%	30.94%
<b>Total</b>	<b>100%</b>	<b>100.00%</b>	<b>100.00%</b>

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

RLT develops and sells high-end condominium units located at One Balete Drive corner N. Domingo Street, Quezon City and is now planning on developing additional high-end residential towers in the One Balete Compound (formerly known as Andrea North) soon, in addition to the completed Skyline Tower and the SkyVillas Tower.

In addition, the Parent Company entered into two (2) joint venture arrangements with Xcell Property Ventures Inc. (“Xcell”) for the development of the Icon Residences (a 2-tower residential condominium building) and Icon Plaza (residential /commercial condominium building). RLT contributed the parcel of lands located at the Bonifacio Global City (“BGC”) where the Icon Residences Towers and the Icon Plaza Tower were constructed thereon to the joint venture. Xcell provided the funds to the joint venture for the construction of the condominium towers. The Company has several units for sale and/or for lease at Icon Residences and at Icon Plaza at the BGC.

#### **Leasing**

RLT has investment properties, such as residential and commercial office and storage units and parking slots, for lease at the following locations: 1) Philippine Stock Exchange Centre located at Exchange Road, Ortigas Center Pasig City; 2) Icon Plaza located at 5<sup>th</sup> Avenue, BGC, Taguig City; 3) Skyline Tower; and 4) SkyVillas Tower, the latter two (2) towers located at the One Balete Compound, One Balete 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 along 5<sup>th</sup> Avenue BGC, Taguig City where one parcel of land houses

commercial units for sale.

RLT is also leasing to tenants approximately 500 sq.m. of the Ground Floor space of the One Balete Building located at One Balete Drive corner N. Domingo Street, Quezon City.

### **Property Management**

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

### **Insurance Brokerage**

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

### **Employees**

RLT has a total workforce of 63 employees as of December 31, 2019, classified as follows:

Staff	36
Managerial	18
Executive	9
<b>Total</b>	<b>63</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 as the . The Parent 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 Parent Company's By-Laws.

## Item 2. Properties and Projects

### The Parent Company's Projects

RLT 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. ("PSEI") 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 Miquel**. A 4-storey walk-up residential condominium in San Juan, Metro Manila.
6. **One Balete Compound**. Formerly known as Andrea North Complex, RLT'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 4-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 located in BGC, consists of minimum saleable areas (excluding parking) of 18,640 sq.m. and 219 parking units.
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 Parent Company's Properties**

#### **Land bank**

The Parent 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 July 23, 2018 annual meeting of the stockholders, the stockholders approved the issuance of new common shares from the increased capital stock of the Parent Company in favor of GPI in exchange for the contribution by GPI of two (2) very prime properties in the BGC which properties are described below:

<b>Reg. Owner</b>	<b>Location</b>	<b>Lot No./Unit No.</b>	<b>Land Area</b>	<b>FAR</b>
GPI	BGC, Taguig City	Lot 1 Block 8	1,600 sq. m.	10
GPI (LAI)	BGC, Taguig City	Lot 4 Block 8	1,600 sq. m.	10

#### **Leased Properties**

The Parent Company has an existing lease contract with GPI which allows RLT 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 Parent Company's properties for lease are largely office and storage units, parking slots, commercial spaces, commercial strips and residential condominium 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	29
Commercial condominium units	16
Storage spaces	60
Parking spaces	326

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

<b>Units for Lease</b>	<b>Number of units</b>
Condominium units	13
Parking spaces	33

Majority of the units for both PSEC (Tektite Towers), Icon Plaza, Skyline Tower, Icon Showroom and SkyVillas Tower as well as a portion of the One Balette Building are already leased out to individuals and corporate entities. In 2019, the Parent Company generated a total of ₱90.5 Million lease income from these properties.

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

The Parent Company has some condominium units in SkyVillas Tower and PSEC (Tektite Towers) that are mortgaged with the Philippine Bank of Communications ("PBCOM") and certain parcels of land with the Philippine National Bank ("PNB").

### **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, RLT 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 Parent Company was forced to file for a Petition for Corporate Rehabilitation with Suspension of Payments in 2002. Under the Rehabilitation Plan that RLT submitted to the court, which the court later approved, the Parent 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 Parent Company's investment in a BGC property, etc., even at prices below cost to be able to pay its debts. This clearly demonstrated the RLT's commitment to honor its debts provided it is provided the opportunity and the breathing room to do so.

Over time, the Parent 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 Parent Company resumed the construction of its Andrea North Skyline Tower (Skyline Tower) located at Balette 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 Parent Company's liabilities to the Skyline Tower contractor, Skyline buyers and unsecured creditors were all paid.

On March 18, 2014, RLT'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 RLT 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 RLT 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.

**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 Parent 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 Parent Company to DMCI-PDI and URPHI as a result of the cancellation of a joint venture agreement entered into in 1996 by the Parent Company, DMCI-PDI and URPHI. The Parent 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 Parent Company appealed the decision to the Court of Appeals which affirmed the regional trial court's decision with modification that reduced the attorney's fees to a total of ₱150,000. In December 2012, the Parent Company filed a Motion for Reconsideration and the same was denied. Thereafter, the Parent Company filed a Petition for Review on Certiorari with the Supreme Court where the matter was resolved in favor of ULC.

In 2019, RLT, as a result of an amicable settlement with ULC (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 ULC the amounts that ULC paid and deemed to have paid in favor of RLT in the total amount of ₱231,150,000. The payment by RLT of the ₱231,150,000 was completed on March 15, 2029. The agreement covered the cancellation of the 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, RLT 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 Parent 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 Parent 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 2017, 2018 and 2019 based on Philippine Stock Exchange's Daily Quotation Report

	2017		2018		2019	
	High	Low	High	Low	High	Low
1 <sup>st</sup> Quarter	0.59	0.57	0.56	0.52	0.46	0.44
2 <sup>nd</sup> Quarter	0.63	0.61	0.485	0.465	0.41	0.40
3 <sup>rd</sup> Quarter	0.48	0.47	0.435	0.42	0.39	0.38
4 <sup>th</sup> Quarter	0.64	0.61	0.43	0.42	0.31	0.30

**Holders**

As of December 31, 2019, the Parent Company has 2,333 stockholders. The list of the top 20 stockholders of the Parent Company as of December 31, 2019 appears below:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
PCD Nominee Corporation	Filipino	2,387,186,831	48.50%
Greenhills Properties, Inc.	Filipino	1,755,779,066	35.67%
Campos, Lanuza & Co., Inc.	Filipino	275,196,201	5.59%
PCD Nominee Corporation - NF	Filipino	69,603,382	1.41%
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%
<b>Total</b>		<b>4,678,149,849</b>	<b>95.03%</b>

**Dividends**

No dividend was declared by the Parent Company since its last declaration on October 24, 1995. There have been 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 Parent 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 2019, the Parent 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**

The Parent Company continues to improve on its operations and financial performance, exhibiting improvements in profitability and maintaining very healthy liquidity and solvency positions.

**I. Review of Consolidated Statement of Income for the Period Ending December 31, 2019 vs. December 31, 2018**

- 1. Consolidated net income after tax.** Philippine Realty and Holdings Corporation posted net income after tax of **₱485 Million** for the 12 months ended December 31, 2019 compared to **₱391 Million** net income after tax for the same period last year, or an increase in the Company's consolidated net income after tax of **₱94 Million** or a by a 24% increase. The improvement in the Company's profitability is explained below.

**a. Income**

- 1) Sales of real estate.** Sales of real estate increased by **₱65 Million** or by 6% for the 12 months ended December 31, 2019 compared to the sales of real estate for the same period in 2018. 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 2019 is due to the aggressive sales and marketing efforts of the Parent Company.
- 2) Management fees.** This item was also higher by 26% due to additional engagements obtained by one of the Parent Company's subsidiaries.
- 3) Other income.** Other income for the twelve months ended December 31, 2019 increased by **₱35 Million** or by 5% compared to the twelve months ended December 31, 2018. Other income consists of Gain on fair value changes in investment property, which increased by **₱30 Million** or a 6% 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 PSEC (Tektite Towers) and at the Icon Plaza located in BGC.

**b. Costs and Expenses**

- 1) Cost of service and units sold.** In terms of percentage to Sales of real estate, Cost of service and units sold decreased in 2019 at 58%, whereas it was at 60% of Sales of real estate for the same period in 2018.
- 2) General and administrative expenses.** General and administrative expenses increased by **₱6 Million** or by 1%, but the higher level of expenses was accounted for by the **₱80.8 Million** increase in Allowance for impairment losses in 2019 due to the aggressive compliance by the Parent Company to

the requirements of PFRS 9.

It may be worthwhile to note that in spite of the 6% increase in Sales of real estate in 2019 compared to 2018, Marketing expenses went down by ₱30.6 Million or by 16% in 2019.

**c. Subsidiaries.**

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

- 1) PRHC Property Managers, Inc. ("PPMI").** The Parent Company's property management subsidiary registered a Net income of ₱6.4 Million for the twelve months ended December 31, 2019. It is higher by ₱3.6 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 ₱0.7 Million for the for twelve months ended December 31, 2019 which is lower by ₱2.3 Million compared to the ₱3 Million net loss registered by TIBI for the same period last year.

**II. Review of Consolidated Statement of Financial Position for the Period Ending December 31, 2019 vs. December 31, 2018**

- 1. Total assets.** The Company's Total assets stood at ₱6.2 Billion as of December 31, 2019, higher by ₱1.2 Billion compared to the ₱5 Billion level of Total assets as of December 31, 2018.

The Company's Real estate assets accounted for 55% of the Total assets of the Company as of December 31, 2019.

Real estate inventories decreased by ₱272 Million from December 31, 2018 to December 31, 2019, or by 19%, 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 ₱353 Million increase in Net trade and other receivables that increased by 28% from December 31, 2018 to December 31, 2019, as a result of selling terms granted to some of the Company's buyers.

Investment properties increased by ₱530 Million or from ₱1.693 Billion in 2018 to ₱2.223 Billion in 2019 due to largely to: i) new acquisitions 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; and ii) recognition of gain on fair value adjustments on the Parent Company's Investment properties.

- 2. Total liabilities.** Total liabilities increased by ₱705 Million largely due to additional loans acquired by the Parent Company.
- 3. Total Equity.** Total equity was recorded at ₱3.9 Billion as of December 31, 2019

compared to ₱3.5 Billion as of December 31, 2018.

Total equity increased by ₱464 Million from December 31, 2018 to December 31, 2019, which increase corresponds to the RLT Group's Total comprehensive income for the year 2019.

### III. Performance Indicators

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

Performance Indicators	31 December 2019 Audited	31 December 2018 Audited
Current ratio <sup>1</sup>	2.91:1	4.15:1
Debt-to-equity ratio <sup>2</sup>	0.57:1	0.45:1
Asset-to-equity ratio <sup>3</sup>	1.57:1	1.45:1
Book value per share <sup>4</sup>	₱0.84	₱0.74
Earnings per share <sup>5</sup>	₱0.10	₱0.08

<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 RLT Group in terms of liquidity, solvency and profitability.

- 1. Current ratio.** While the Group's current ratio is showing a decreasing trend by from 4.15:1 in December 2018 to 2.91:1 in December 2019, the Company's current ratio is still way, way above the acceptable level and is still extremely healthy.
- 2. Debt-to-equity ratio.** Similarly, the RLT Group's Debt-to-equity ratio has remained very conservative for the periods under review as the Company's financial leverage stayed steady at 0.57:1 in spite of the Parent Company taking in additional loans.
- 3. Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also showed steadiness over time as it is stood unchanged at 1.57:1 from December 2018 to December 2019.

The steady performance of Debt-to-equity ratios and Asset-to-equity ratios of the RLT Group for the periods under review clearly demonstrate that the Parent 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 RLT Group's Book value per share has also been a very encouraging. It has been consistently improving from ₱0.74 per share as of end-December 2018 and to ₱0.84 per share as of 31 December 2019 or an improvement of 13%.

There was no issuance, repurchase or payment/repayment of neither debt and equity securities nor dividends during the year 2019.

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 RLT Group's Earnings per share improved by 26% in 2019 from ₱0.08 per share to ₱0.10 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. 2019 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries**

Please refer to ANNEX B

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

The auditing and accounting firm of Maceda Valencia & Co. is the Parent Company's and the RLT Group's Independent Certified Public Accountants appointed in the 2019 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 2019 and 2018 amount to ₱1,050,000 and ₱980,000, exclusive of VAT, respectively. Out of pocket expenses are pegged at 15% for 2019 and for 2018.

**Tax Fees**

In 2019, 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, 2019 and in the past five years, and personal data as of December 31, 2019 of directors and executive officers.

**Board of Directors**

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

**Gerardo Lanuza, Jr. / 73 – Spanish / Filipino**

Chairman Emeritus 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 / 73 - Filipino**

Vice-Chairman Emeritus of the Philippine Realty and Holdings Corporation and Director 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 includes 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 Xcell 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.

**Gerardo Domenico Antonio V. Lanuza / 36 – Filipino**

Chairman of the Board of Philippine Realty and Holdings Corporation. He was Executive Vice President and Chief Operating Officer of Philippine Realty and Holdings Corporation from 2014 to 2019 and was 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.

**Renato G. Nuñez / 50 (Independent Director) - Filipino**

Vice-Chairman and Independent Director of Philippine Realty and Holdings Corporation since 2015. He is currently the 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 completed his BS Industrial Management Engineering degree Minor in Mechanical Engineering at De La Salle University in 1991.

**Alfredo S. Del Rosario / 64 – 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., Sultan Power, Inc., Rizal MicroBank, and Camera Club of the Philippines Center, Inc. Prior to joining RLT, 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.

**Edmundo C. Medrano / 66 – Filipino**

Executive Vice President and Chief Operating Officer, Chief Financial Officer and Treasurer of Philippine Realty and Holdings Corporation. He was elected in 2018 as an Independent Director of Credit Information Corporation representing the private sector 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 Asiatrust 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*.

**Gregory G. Yang / 63 – 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 / 36 – 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 / 71 – 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.

**Jomark O. Arollado / 36 (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 E. Eizmendi / 55 (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
Edmundo C. Medrano*	Executive Vice President and Chief Operating Officer and Chief Financial Officer and Treasurer
Erwin V. Ciar	Vice President and Head, Project Construction and Management
Adeline Susan C. Carag	Vice President and Head, Property Management Services
Carlos Miguel T. Paca	Vice President and Head, Business Development and Investment Relations Officer
Richard Nicolas K. Go	Vice President and Head, Sales
Marissa S. Bontogon	Vice President and Controller and Compliance Officer
Rex P. Bonifacio	Corporate Secretary

\* Members of the Board

**Erwin V. Ciar / 45 – 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 / 62 – 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 / 45 – 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, 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 / 37 – 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 in Hotel, Restaurant and Institution Management.

**Marissa S. Bontogon / 47 – Filipino**

Vice President and Controller and Compliance Officer 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 / 47 – 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 Emeritus of the Board, is the first cousin of Mr. Antonio O. Olbes, and father of Chairman of the Board, 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 - Edmundo C. Medrano (EVP, COO, Treasurer), Carlos T. Paca (VP Business Development); Erwin V. Ciar (VP Project and Construction Mgt); Marissa S. Bontogon (VP Controller); Adeline Susan C. Carag (VP Property Mgt)	2018 - Restated	20.27M	5.57M	0.14M	None	25.97M
	2019 -Actual	23.62M	7.78M	0.14M	None	31.55M
	2020-Projected	24.57M	8.09M	0.14M	None	32.81M
All officers as a group – Other officers include Richard Nicolas K. Go (VP Sales)	2018 - Restated	1.52M	0.21M	None	None	₱1.73M
	2019 -Actual	1.67M	0.24M	None	None	1.92M
	2020-Projected	1.74M	0.25M	None	None	2.0M

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 shall have been 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 ₱1,144,000 ₱1,122,520, and ₱1,172,000 for 2019, 2018, and 2017 , 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, 2019**

<b>Title</b>	<b>Name and Address of Record / Beneficial Owner</b>	<b>Record / Beneficial Ownership</b>	<b>Citizenship</b>	<b>Number of Shares Owned</b>	<b>% Owned</b>
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino / Non-Filipino	2,387,186,831 shares	48.50%
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 O. Lanuza, Jr. and Treasurer, Antonio O. Olbes.

Campos, Lanuza & Co., Inc. is represented by its President, Corazon V. Lanuza and Vice President, Antonio U. Reyes-Cuerva.

PCD Nominee holds 48.50% interest. PCD Nominee is the registered owner of shares beneficially owned by participants in the PCD. Campos, Lanuza & Co. Inc., is a participant of PCD owning 5.59% of the Parent Company's voting securities.

- b. Shares held by Directors and Executive Officers as reported by Transfer Agent as of 31st December 2019**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Class</b>		<b>Citizenship</b>	<b>% Owned</b>
		<b>Direct</b>	<b>Indirect</b>		
Common	Gerardo O. Lanuza, Jr.	2,174,024	204,911,203	Spanish/Filipino	4.21
Common	Antonio O. Olbes	506,388		Filipino	0.01
Common	Gerardo Domenico Antonio V. Lanuza	150,522,366	65,083,203	Filipino	4.38
Common	Alfredo S. Del Rosario Jr.	20,261,000	-	Filipino	0.41
Common	Edmundo C. Medrano	6,000,000	-	Filipino	0.12
Common	Gregory G. Yang	1,831,000	-	Filipino	0.04
Common	Andrew C. Ng	84,000	-	Filipino	0.00
Common	Amador C. Bacani	229,980	-	Filipino	0.00
Common	Renato G. Nuñez	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**

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



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

At present, there is neither change in control nor is the Parent Company aware of any arrangement that may result in a change in control of the Parent 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 RLT Group's related party 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 Parent Company engages the services of its subsidiary, 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 this date. The Parent Company also secures insurance through subsidiary, TIBI. The Parent Company is given 90-day period within which to settle the premiums, the same period granted to other customers. Also, the Parent Company extends financial assistance to its subsidiary, PPMI for working capital purposes from time to time.

In the transaction involving the exchange of prime real properties of GPI for shares in RLT, two (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 RLT 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 RLT 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 RLT 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 in exchange for properties that the GPI 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.

### **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**

**1. Exhibits/Annex**

- A. 2019 Sustainability report
- B. 2019 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
- C. Subsidiaries of the Registrant

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

1.	February 26, 2019	Annual Stockholders' Meeting set on June 7, 2019. Record date March 18, 2019.
2.	March 18, 2019	Settlement with Universal Leisure Corporation (Civil Case No. 67092)
3.	June 13, 2019	Board approval on the amendment of Company's Manual on Corporate Governance and creation of Related Party Transaction Committee.
4.	June 13, 2019	New set of Directors for ensuing year.
5.	June 13, 2019	New set of Officers and Committees for ensuing year.
6.	July 18, 2019	Termination of engagement with Professional Stock Transfer, Inc. and appointment of Stock Transfer Service Inc. as new Stock Transfer Agent of the Company.
7.	September 18, 2019	Adoption of a Material Related Party Transactions Manual in compliance with SEC Memorandum Circular No. 10 Series of 2019.
8.	November 21, 2019	Certificate of attendance of key officers and Board of Directors on Corporate Governance Seminar

## 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 26 JUN 2020, 2020.

### 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



**MARISSA S. BONTOGON**

Vice President and Controller and  
Compliance Officer



**EDMUNDO C. MEDRANO**

Executive Vice President and Chief Operating  
Officer, Chief Financial Officer and Treasurer



**REX P. BONIFACIO**

Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 26 JUN 2020 day of \_\_\_\_\_, 2020, 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		

## NOTARY PUBLIC

Doc. No. 720 ;  
Page No. 05 ;  
Book No. XIV ;  
Series of 2020

**ATTY. RUBEN M. STAÑES, JR.**  
**NOTARY PUBLIC**  
**UNTIL DECEMBER 31, 2020**  
**PTR NO. 9263849, 1-12-2020, Quezon City**  
**IBP No. AR5407180 – Quezon City Chapter**  
**Roll of Attorney's No. 46427**  
**Adm'n. Matter No. 053**  
**MCLE-07-0710060 – 2-18-2020**  
**TIN: 140-294-386-000**  
**Unit 2 UGF-2 Opulent Bldg., EDSA, Q.C.**

# Annex A: 2019 Sustainability Report

## Contextual Information

Company Details	
Name of Organization	Philippine Realty and Holdings Corporation ("RLT" or the "Company")
Location of Headquarters	One Balete Building, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111
Location of Operations	<ul style="list-style-type: none"> <li>▪ New Manila, Quezon City</li> <li>▪ Ortigas Center, Pasig City</li> <li>▪ Bonifacio Global City, Taguig City</li> </ul>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<ul style="list-style-type: none"> <li>▪ PRHC Property Managers, Inc. ("PPMI")</li> <li>▪ Tektite Insurance Brokers Inc. ("TIBI")</li> <li>▪ Sultan's Power Inc. ("SPI")</li> <li>▪ Universal Travel Corporation ("UTC")</li> </ul>
Business Model, including Primary Activities, Brands, Products, and Services	<p>To act as a holding company and to invest in, acquire, develop, utilize and dispose of real properties and all kinds of personal property. Specifically, RLT is engaged in:</p> <ul style="list-style-type: none"> <li>▪ Investments in businesses</li> <li>▪ Real estate acquisition and development of premium residential and commercial condominium units for sale or for lease</li> </ul>
Reporting Period	1 January 2019 to 31 December 2019
Highest Ranking Person responsible for this report	Edmundo C. Medrano Executive Vice President and Chief Operating Officer and Treasurer

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

**Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>**

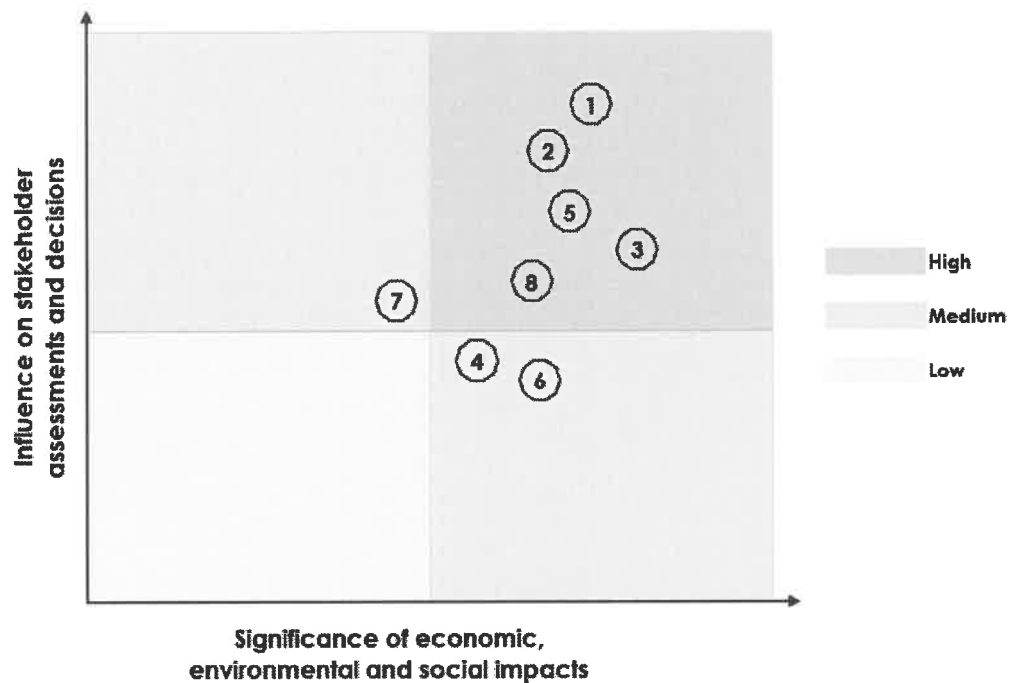
**Philippine Realty and Holdings Corporation ("RLT" or the "Company")**, a premium property development and holding company in the Philippines delivering superior shareholder value. The Company aims to give a continuing, equitable and fair return to our shareholders and excellent customer value, at the same time giving just and equitable compensation to our officers and employees. RLT value enduring relationship with our stakeholders and commit to assist underprivileged sectors of society in improving the quality of their lives.

<sup>1</sup> See *GRI 102-46* (2016) for more guidance.

With this mission in mind and for purposes of sustainability report, the management team have carefully identified relevant topics and have been evaluated using the global standards/frameworks on materiality assessment which take into consideration the following:

- Influence on stakeholder assessments and decisions; and
- Significance of economic, environmental and social impacts

These sustainability issues have been analyzed using the materiality matrix in the guidelines (for sustainability reporting) provided by SEC in their Memo No. 4 Series of 2019.



The

- |  |                                    |
|--|------------------------------------|
| 1. Client Satisfaction                   | 5. Data Privacy/Customer Privacy   |
| 2. Employee Welfare                      | 6. Energy & Water Consumption      |
| 3. Product Design & Lifecycle Management | 7. Relationship with the Community |
| 4. Impacts of Climate Change             | 8. Environmental Compliance        |

material topics selected (see table above) were arranged from low, medium and high as assessed by the Company's management team. RLT believes that these issues are most likely to affect our business with respect to economic, environmental, social and governance matters.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,183,543,085	₱
Direct economic value distributed:		
a. Operating costs	660,943,384	₱
b. Employee wages and benefits	121,143,380	₱
c. Payments to suppliers, other operating costs	119,644,907	₱
d. Dividends given to stockholders and interest payments to loan providers	17,394,330	₱
e. Taxes given to government	138,907,166	₱
f. Investments to community (e.g. donations, CSR)	80,000	₱

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>RLT is a property development which is engaged primarily in development of real estate properties, sales of premium residential units and commercial condominium units and leasing. It is also invested in enterprises engaged in property management, insurance brokerage and conversion of plastic wastes into fuel (diesel).</p> <p>RLT's activities impacts the following:</p> <ul style="list-style-type: none"> <li>▪ Direct and indirect employment of people</li> <li>▪ Support of SMEs among its suppliers and service providers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employees</li> <li>▪ Contractors</li> <li>▪ Suppliers</li> <li>▪ Service Providers</li> <li>▪ Customers</li> <li>▪ Stockholders</li> <li>▪ Creditors</li> <li>▪ Government</li> <li>▪ General Public</li> <li>▪ Communities</li> </ul>	<p>RLT has for its objective to continue to provide premium / high-end residential condominium units and commercial units.</p> <p>Its residential condominium units are ideal as home replacement alternatives.</p> <p>RLT makes every effort to ensure that its customers are satisfied in the units that they purchase or lease in terms of quality and property management.</p> <p>The Company also recognizes the risks associated in its activities such as industry competitors, economic trends, events, etc., which may affect the ability of the Company to</p>

<ul style="list-style-type: none"> <li>▪ Advance payment of income and other taxes in its operations as required by existing regulations</li> <li>▪ Long-term objective of making use of plastics for conversion to fuel</li> </ul>		<p>sustain revenues. Thus, RLT ensures that it is also able to also expand its portfolio of properties for lease to eventually achieve a balance between revenues contributed by sales and revenues contributed by leases.</p> <p>RLT aims to be ahead of the industry in terms of product design, which involves research and development and is managed by a team of seasoned professionals that adheres to the principles of best practices and/or business ethics.</p>
<b>What is the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Risk of calamities such as major typhoon, earthquake, fire, etc., that may cause disruption of business operations, damages to building structures, accidents to significant number of its employees, residents and tenants in its projects.</p>	<ul style="list-style-type: none"> <li>▪ Employees,</li> <li>▪ Customers,</li> <li>▪ Suppliers,</li> <li>▪ Contractors</li> </ul>	<p>To mitigate the possible impact of the risk, RLT put in place programs/policies such as:</p> <ul style="list-style-type: none"> <li>▪ Continuity of business and disaster recovery plan</li> <li>▪ Cloud based Computerized Accounting System ("CAS")</li> <li>▪ Set-up work from home video conferencing protocols to be able to continue to function remotely</li> <li>▪ Set up pertinent policies and employee trainings/seminars on handling emergency situations</li> <li>▪ Emergency first-aid facilities and a full-time Company nurse</li> <li>▪ In place building and equipment maintenance program</li> <li>▪ Property all-risk insurance</li> </ul>



Reputational risk that may result in negative publicity, public perception	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Employees</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Customers</li> </ul>	<p>To mitigate and minimize possible impact of reputational risk, RLT ensures that:</p> <ul style="list-style-type: none"> <li>▪ The BOD maintains effective oversight over the operations of the Company</li> <li>▪ The BOD and Management maintains high ethical conduct in line with set corporate values</li> <li>▪ Employees are required to maintain high level of professionalism in dealing with other stakeholders (i.e. customers and suppliers/contractors)</li> <li>▪ Customer feedback and complaints are seriously taken as feedback mechanism to improve the Company's business.</li> <li>▪ Reputable suppliers/contractors are being engaged as "partners" in the development of its projects.</li> <li>▪ The marketing and sales teams of RLT spearhead drive to promote community programs.</li> <li>▪ Data privacy (as required by law) is in place and observed by RLT employees.</li> </ul>
Uncontrollable events that may have an adverse impact on RLT's operations and revenue generating capability, such as the COVID-19 pandemic.	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Employees</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT set in motion and activated its continuity of business plan</li> <li>▪ Prioritized the health of its employees and the residents in its projects</li> <li>▪ The Company retained all its employees</li> </ul>
What is the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The opportunities identified are:</p> <ul style="list-style-type: none"> <li>▪ Prioritize development in areas and markets where there is need for RLT's products</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers (existing and potential)</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT's management approach is consultative.</li> <li>▪ It is very customer-centric.</li> <li>▪ Because it has a lean organization, it is a very nimble organization and is</li> </ul>

<ul style="list-style-type: none"> <li>▪ Repackage commercial areas for lease to cater to companies looking for alternative office sites and/or offsite disaster recovery sites in the event of city-wide lockdowns.</li> </ul>		<p>able to generate consensus very quickly.</p>
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## Climate-related risks and opportunities<sup>2</sup>

Governance	
Disclose the organization's governance around climate-related risks and opportunities	
a.) Describe the board's oversight of climate-related risks and opportunities	<p>RLT's Board Risk Oversight Committee shall be responsible for the development and oversight of the risk management program. It shall be composed of at least three (3) members of the BOD including one (1) independent director, and a chairperson who is a non-executive member.</p> <p>RLT's Board Risk Oversight Committee Charter (BROC) are disclosed in its website:  <a href="http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf</a></p> <p>RLT's BROC duties and responsibilities are disclosed in the latest Manual on Corporate Governance:  <a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf</a></p> <p>The Board has mandated that subject to cost-reward considerations, future projects should be energy-efficient and preferably certified as "green-certified" buildings especially for commercial buildings</p>
b.) Describe management's role in assessing and managing climate-related risks and opportunities	<p>RLT's management team conducts regular discussions/meetings which include monitoring of compliance with government regulations such as in the case of sewage treatment facilities for its buildings that are mostly managed by RLT's subsidiary.</p> <p>RLT's management is also very conscious of the Board's preference for "green" buildings in the projects that are being planned for construction, development and sale (or lease).</p>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

## Strategy

Disclose the actual and potential impacts<sup>3</sup> of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

a.) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	For the Company's new projects, earthquake, wind, ventilation and glass curtain consultants are engaged to improve the safety and comfort of future occupants. Climate risks such as very strong typhoons, flooding, earthquakes, wind tunnels, extreme heat, etc. that may cause property damage and damage to the building occupants, are being studied seriously.
b.) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<ul style="list-style-type: none"><li>▪ Mitigation of climate-related risks must be built-in into the architectural and engineering and construction planning.</li><li>▪ A well-designed and building structure enhances marketability of the units for sale.</li><li>▪ A "green-certified" building enhances attractiveness for lenders and investors alike to provide financing</li></ul>
c.) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	These are built into the project planning. Being a developer of high-end to luxury condominium units, top caliber foreign and local architects and foreign MEPF consultants are engaged to ensure the safety, luxury and environmentally-efficient designs, construction and materials are used.

<sup>3</sup> For this disclosure, impact refers to the impact of climate-related issues on the Company.

<b>Risk Management</b>	
Disclose how the organization identifies, assesses, and manages climate-related risks	
a.) Describe the organization's processes for identifying and assessing climate-related risks	RLT's management and those charged with governance (BOD) has an Enterprise Risk Management plan which contains (1) well-defined risk management goals, objectives and goals, (2) designing and implementing risk management strategies, and (3) continuing assessments to improve risk strategies, processes and measures.
b.) Describe the organization's processes for managing climate-related risks	RLT's identified risks are reviewed at least annually, for risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur ( <b>climate-related risks</b> ) that are considered that may have major impacts on the Company.
c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<p>Identification, assessments, and management of risks (including <b>climate-related</b>) are integrated in the Company's Enterprise Risk Management plan.</p> <p>The Compliance Officer assisted by the Internal Audit reviews and assesses compliance and effectiveness of the ERM system and submits an assessment to the Audit Committee and the Board Risk Oversight Committee.</p>

### **Procurement Practices**

#### **Proportion of spending on local suppliers**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	5% (95% of budget are for foreign supplied materials but purchased from domestic outlets)	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The impact is in the Company's major consultants, contractors, suppliers of labor and materials and equipment	<ul style="list-style-type: none"> <li>▪ Consultants</li> <li>▪ Contractors</li> <li>▪ Suppliers of labor and materials and equipment</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT follows strict prequalification and bidding procedures in dealing with its architects, consultants, suppliers and contractors.</li> </ul>

and providers of services and materials sourced from locally based companies but are carrying imported equipment and materials.		<ul style="list-style-type: none"> <li>RLT has established terms of references and database of reputable architects, consultants, suppliers and contractors that can perform the necessary services with high standards and ensure that materials sourced are of first-class quality.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Poor project management of suppliers/contractors in terms of delayed delivery of services and/or materials that would result in increases in project costs and/or delayed project completion	Customers	To address this risk, RLT decided to monitor projects using its in-house project management and monitoring team to ensure quality management.
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Performance is assured in contract management and penalties are imposed for non-performance or delayed performance	<ul style="list-style-type: none"> <li>Architects</li> <li>Consultants</li> <li>Contractors</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Most of the architects, consultants, suppliers and contractors of RLT are well known to the Company as partners from past projects.</li> <li>In spite of this, prudent contract management is being observed to protect the interests of the Company</li> </ul>

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	50	%
Percentage of employees that have received anti-corruption training	0	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The impact occurs at the primary business operations level in terms of obtaining permits, licenses, payments of taxes, property registrations, etc.	<ul style="list-style-type: none"> <li>▪ Employees</li> <li>▪ Customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT has established code of conduct and behavior which include provisions on anti-corruption guidelines.</li> <li>▪ The BOD and Management ensures that all RLT personnel perform their duties in accordance with best practices and with integrity.</li> <li>▪ A policy on conflict of interest and related party transactions have been formulated and approved by the Board.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Delays in obtaining requisite documents, licenses, clearances, approvals, permits, tax clearances, registration	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Employees</li> <li>▪ Customers</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT ensures that its documentation is always complete</li> <li>▪ Employees are required to observe business ethics with its dealings with government agencies, customers and suppliers/contractors.</li> <li>▪ A feedback mechanism is in place so that our employees will abide with best practices in the performance of their duties.</li> <li>▪ Employees are made aware that the Company will have zero tolerance with regards to corruption activities.</li> </ul>
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Provide seminars, trainings and workshop to strengthen awareness among employees	Employees	<ul style="list-style-type: none"> <li>▪ RLT has a policy on the development of its employees which include strengthening professional standard of conduct and behavior.</li> </ul>

relative to anti-corruption programs		<ul style="list-style-type: none"> <li>A “no gifts” policy will be instituted to prohibit employees from accepting gifts of any kind directly or indirectly from customers and/or suppliers/contractors.</li> </ul>
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#### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	2 in past year	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Issue of personal integrity in the reporting of attendance. The offense was uncovered by the audit process.	<ul style="list-style-type: none"> <li>Employees</li> <li>Management</li> </ul>	<ul style="list-style-type: none"> <li>Reiteration of policy on the importance of integrity</li> <li>All possible incidence of corruption will ultimately be discovered and shall be dealt with accordingly subject to observance of laws and regulations and due process.</li> </ul>
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>Emphasis on importance of integrity and honesty in day-to-day operations</li> <li>Reiteration of the adage “crime does not pay”</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Management</li> </ul>	<ul style="list-style-type: none"> <li>RLT is committed to subscribe to all applicable laws and regulations, ethical standards and industry best practices in its operations.</li> <li>RLT expects no less from its Board of Directors, Management, employees and business partners.</li> </ul>



## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	Not readily available	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	Not readily available	kWh
Energy reduction (gasoline)	-	GJ

RLT has no comparable data available for year on year comparison.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT.</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Condominium corporations</li> <li>Suppliers</li> <li>Contractors (in terms of workmanship warranties)</li> </ul>	<ul style="list-style-type: none"> <li>In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving power in its projects.</li> </ul>

<ul style="list-style-type: none"> <li>▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once the buildings/projects are already turned over.</li> <li>▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.</li> </ul>		
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ Less than adequate monitoring of power consumption and vital facilities by the condominium corporations</li> <li>▪ Lack of regular performance audit of key personnel of the condominium corporations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers / residents of RLT's developments</li> <li>▪ Condominium corporations</li> <li>▪ Employees, consultants, suppliers, contractors of the condominium corporations</li> </ul>	<ul style="list-style-type: none"> <li>▪ As unit owner, RLT can work on having a representative/s elected to the boards of trustees of the condominium corporations to be able to provide advice on proper management of facilities leading to more efficient use of energy.</li> <li>▪ Introduce its contractors who may be very familiar with the workings of the facilities installed in the buildings/projects</li> </ul>
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
<p>Raise awareness within the RLT projects to conserve energy consumption</p>	<ul style="list-style-type: none"> <li>▪ Customers / residents of RLT's developments</li> <li>▪ Condominium corporations</li> <li>▪ Employees, consultants, suppliers, contractors of the</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT to exert influence to ensure that optimal and efficient use of energy is observed in its existing developments</li> <li>▪ For future projects, serious efforts shall be exerted to design use of indigenous, renewable and green energy sources in its developments</li> </ul>

	condominium corporations	
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#### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	-	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT.</li> <li>▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once the buildings/projects are already turned over.</li> <li>▪ However, before the common areas are turned over to the condominium corporations, all the</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers</li> <li>▪ Condominium corporations</li> <li>▪ Suppliers</li> <li>▪ Contractors (in terms of workmanship warranties)</li> </ul>	<ul style="list-style-type: none"> <li>▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving water in its projects.</li> </ul>

requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.		
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified		

#### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	Negligible	
▪ renewable	Negligible	kg/liters
▪ non-renewable	Negligible	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Negligible	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
RLT's market niche is high-end, luxury residential condominium units. Thus, for its past/completed projects, its choice of materials had to be of high quality and not coming from recycled materials.	<ul style="list-style-type: none"> <li>▪ Customers</li> <li>▪ Architects</li> <li>▪ Contractors</li> <li>▪ Suppliers</li> <li>▪ Sales personnel</li> </ul>	For future projects, RLT will seriously consider the use of renewable energy sources in its projects.
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified		

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ The opportunities are in being able to make use of sustainable design principles to include the ability to: <ul style="list-style-type: none"> <li>○ optimize site potential;</li> <li>○ minimize non-renewable energy consumption;</li> <li>○ use environmentally preferable products;</li> <li>○ protect and conserve water;</li> <li>○ enhance indoor environmental quality;</li> <li>○ optimize operational and maintenance practices.</li> </ul> </li> <li>▪ Obtaining more favorable terms for financing projects that will qualify for “green” projects.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stockholders</li> <li>▪ Management</li> <li>▪ Customers</li> <li>▪ Architects</li> <li>▪ Consultants</li> </ul>	<ul style="list-style-type: none"> <li>▪ To explore possibilities in constructing and offering for sale environmentally friendly buildings and facilities</li> <li>▪ To achieve more attractive financing terms for its projects by making use of “green” and sustainable design principles</li> </ul>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored		ha
IUCN <sup>4</sup> Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time

<sup>4</sup> International Union for Conservation of Nature

What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified		

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified		

#### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	0	kg
SO <sub>x</sub>	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified		

### Solid and Hazardous Wastes

#### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>▪ RLT itself does not generate solid wastes.</li> <li>▪ The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community</li> <li>▪ Condominium corporations</li> <li>▪ Residents</li> <li>▪ Garbage contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ To provide assistance to the condominium corporations insofar as hauling of plastic wastes are concerned.</li> <li>▪ These plastic waste products can be used as raw material by Recon-X Energy Corporation (a subsidiary of RLT's subsidiary, Sultan's Power Corp.) in</li> </ul>

		converting plastics to diesel using a patented process.
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant risks identified insofar as RLT itself is concerned.		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The identified opportunities for RLT concerns the subsidiary of its subsidiary, Recon-X Energy Corporation that converts plastics to diesel using a patented process.	<ul style="list-style-type: none"> <li>Condominium corporations</li> <li>Recon-X Energy Corporation</li> </ul>	To formalize arrangements for Recon-X Energy Corporation to haul solid wastes (plastic) for conversion to fuel which should redound to the benefit of both the said company and the condominium corporations.

#### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable at this time	None at this time	None at this time
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant risks identified insofar as RLT itself is concerned.		
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are also no significant opportunities identified insofar as RLT itself is concerned.		

#### Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>RLT itself does not generate solid wastes.</li> <li>The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Condominium corporations</li> <li>Residents</li> </ul>	To provide assistance to the condominium corporations if necessary.
What are the Risks Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
There are also no significant opportunities identified insofar as RLT itself is concerned.		

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's construction of projects are impacted by various environmental regulations; RLT fully understands that	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Management</li> <li>Suppliers</li> <li>Contractors</li> </ul>	<ul style="list-style-type: none"> <li>RLT ensures that it observes and complies with all governmental and regulatory requirements in its projects. Prior to any project</li> </ul>

any noncompliance will result to financial and non-financial penalties, stoppage of operations on its on-going projects.	<ul style="list-style-type: none"> <li>▪ Government</li> <li>▪ Community</li> </ul>	<p>development, all environmental clearances are secured and/or complied with such as the Environmental Clearance Certificate ("ECC"), Laguna Lake Development Authority ("LLDA") Clearance and others, as deemed necessary.</p> <ul style="list-style-type: none"> <li>▪ Our Project Construction Management Group ("PCMG") ensures and monitors compliance calendar in all of the Company's on-going projects.</li> <li>▪ For 2019, RLT has complied with all environmental regulations.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Violation of any regulations such as local ordinances and national laws with respect to the environment may result in penalties and/or suspension of business activities.	<ul style="list-style-type: none"> <li>▪ Board of Directors</li> <li>▪ Management</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Government</li> <li>▪ Community</li> </ul>	RLT ensures compliance with all existing and new regulations that are imposed by local and national authorities which would have an impact on business activities
<b>What are the Opportunities Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Environmental regulations imposed by local and national regulatory agencies tend to improve overall quality of a building structure and improve sustainability.	<ul style="list-style-type: none"> <li>▪ Board of Directors</li> <li>▪ Management</li> <li>▪ Suppliers</li> <li>▪ Contractors</li> <li>▪ Government</li> <li>▪ Community</li> </ul>	As mentioned, RLT is committed to follow the rules and regulations imposed by government and subscribe to industry best practices for the purpose of improving the buildings that it builds and will build in the future.

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>5</sup>		
a. Number of female employees	29	#
b. Number of male employees	34	#
Attrition rate <sup>6</sup>	4	rate
Ratio of lowest paid employee against minimum wage	0	ratio

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	9.52	3.17
PhilHealth	Y	6.34	3.17
Pag-IBIG	Y	0	0
Parental leaves	Y	4.76	0
Vacation leaves	Y	38.09	33.33
Sick leaves	Y	15.87	23.80
Medical benefits (aside from PhilHealth))	Y	39.09	33.33
Housing assistance (aside from Pag-IBIG)	N	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	N	0	0
Company stock options	Y	4.76	7.93
Telecommuting	N	0	0
Flexible-working Hours	Y	46.03	53.93
(Others)	-	-	-

<sup>5</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

<sup>6</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company understands that its Employees/Workforce are its most important resource in achieving its goals. Thus, RLT provides its employees with competitive compensation package, performance bonuses and an extremely generous retirement plan as a way of motivating them to be productive.</p>	<p>RLT's benefits to its employees are:</p> <ul style="list-style-type: none"> <li>▪ Competitive salary packages including performance bonuses and performance-based salary increments</li> <li>▪ HMO health benefits (including at least one qualified dependent)</li> <li>▪ Allowances for meals and transportation</li> <li>▪ Rice subsidy and laundry allowance</li> <li>▪ Annual credit leaves (Vacation and Sick Leave)</li> <li>▪ Extremely generous Retirement Plan</li> </ul>
<p>RLT also promotes wellness among its employees</p>	<p>RLT has instituted policies that give our employees additional benefits, as follows:</p> <ul style="list-style-type: none"> <li>▪ Access to basic medical supplies, including consultations with Company doctor.</li> <li>▪ Company nurse who attends to basic health needs of our employee such as blood pressure monitoring, sugar count monitoring and others.</li> <li>▪ Annual physical examination including eye check-up</li> <li>▪ Group life insurance</li> <li>▪ Pays for seminars to be attended by our professionals (i.e. Annual Continuing Professional Development, Annual Corporate Governance Seminars, etc.)</li> <li>▪ Free parking</li> <li>▪ Company outings and/or team building and sports activities to promote camaraderie among employees</li> </ul>
What are the Risks Identified?	Management Approach
<p>Employee retention of trained and reliable experts due to better opportunities especially outside of the country</p>	<p>Succession planning is practiced not only to address possibility of employee turnover but also to manage continuity and in the event the Company undertakes simultaneous projects</p>

	<p>Identified potential successors are given mentorship trainings and allowed to assume greater job responsibilities.</p> <p>Annual performance evaluation is a significant component in communicating Management's plan/s for key managers/employees so their career paths can be laid out clearly for them.</p>
What are the Opportunities Identified?	Management Approach
Employee turnover rate is quite low. Thus, opportunities for implementing succession plan or for manning lateral organizational growth is present in case of simultaneous commencement of projects.	<p>The Company shall continue its programs designed to retain "must keep" employees, such as:</p> <ul style="list-style-type: none"> <li>▪ Service awards to honor loyal employees</li> <li>▪ Recognition and incentives to qualified employees (i.e. sales personnel)</li> <li>▪ Performance-based promotions for deserving employees</li> <li>▪ Flexible work arrangements to accommodate employees who may be taking higher academic degrees</li> </ul>

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	24	hours
b. Male employees	24	hours
Average training hours provided to employees		
a. Female employees	24/1	hours/employee
b. Male employees	24/1	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is improved knowledge of directors, senior management and employees that translate to better quality work and overall performance.	<p>RLT spends for the training of its directors, senior management and professional employees. A sample of this are as follows:</p> <ul style="list-style-type: none"> <li>▪ Annually, the Company sponsors a Corporate Governance seminar for its directors and key officers</li> </ul>

	<ul style="list-style-type: none"> <li>▪ The Company also shoulders the costs of seminars relating to Continuing Professional Development of its licensed professionals such as Certified Public Accountants, Engineers, etc.</li> <li>▪ RLT also encourages its key officers and employees to attend seminars that will keep them abreast with developments, such as the periodic Listing and Disclosures Seminars conducted by the Philippine Stock Exchange, Inc., etc.</li> <li>▪ Our Department Heads and Managers conduct trainings to improve the skills of our employees (e.g., improving proficiency in Excel, oral and written communication skills, etc.)</li> <li>▪ Fire and Safety seminars and drills are regularly conducted</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
There are no significant risks identified.	
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
There are no significant opportunities identified.	

#### Labor-Management Relations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	Town Hall meetings are conducted regularly (3 times a year)	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
RLT has no labor union. Thus, it has no Collective Bargaining Agreement with the representatives of its employees. The employees have found no reason to establish a labor union. Nevertheless, the Company always seek to create	<ul style="list-style-type: none"> <li>▪ In spite of the absence of a labor union, the Company is committed to protect the welfare and rights of its employees.</li> <li>▪ RLT ensures that it observes DOLE advisories on labor and labor-related</li> </ul>

equitable and fair labor practices, ensuring that our employees' welfare and rights are protected.	<p>matters (i.e. compensation, work hours, increases in minimum wage, etc.).</p> <ul style="list-style-type: none"> <li>▪ The Company always seeks to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected. A case in point is the recent COVID-19 pandemic. The Company instituted work-from-home arrangements and looked after the welfare of the employees by not terminating a single employee and paying their salaries and without reducing their leave credits.</li> <li>▪ For employee concerns, these can be ventilated during Town Hall meetings.</li> <li>▪ The Company gives priority to hiring relatives of retiring employees, as what recently happened when a long-time messenger of the Company retired. His vacated post was given to his son.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
Discontent among the employees due to unfair labor practices will lead to a formation of a labor union.	<ul style="list-style-type: none"> <li>▪ Due to the initiatives of Management as expounded above, and the stockholders' genuine concern for the welfare of the employees, RLT's employees have found no reason to establish a labor union.</li> </ul>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
The opportunities are in the area of continued industrial peace that allows our employees and Management to concentrate on their work.	To continue Management practices as they are working perfectly well.

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	46	%
% of male workers in the workforce	54	%
Number of employees from indigenous communities and/or vulnerable sector*	4	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<ul style="list-style-type: none"> <li>▪ The impact is in its primary business operations.</li> <li>▪ In RLT's senior management, three (3) are senior citizens and one (1) is a PWD</li> <li>▪ Several key departments are headed by women, including in the area of engineering.</li> <li>▪ RLT has also hired LGBTs, including solo parents and those coming from poorer communities provided qualified.</li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT does not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, physical or mental disability, or age.</li> <li>▪ In short, RLT is an equal opportunity employer.</li> <li>▪ Promotion is strictly based on merit and performance.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
Reputational risk if the Company discriminates in its hiring of applicants (and in the promotion of existing employees) as a result of race, color, religion, national origin, sex, physical or mental disability, or age.	RLT is exercising due care in dealing with individuals or group of individuals (that includes those in the employ of its suppliers, contractors and business partners) so as not to be perceived as prejudicial against other people.
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
Hiring is improved as the best qualified can be hired without having to be confined to certain choices due to set limitations.	Continue and adhere to the principle of being an equal opportunity employer.

#### Workplace Conditions, Labor Standards, and Human Rights

##### Occupational Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Safe Man-Hours	0	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#



What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> <li>In general, any construction work is done by outside contractors.</li> <li>However, the employees of the contractors might be involved in any work-related accidents/injury. As a result, disruption of business operations or certain construction activity might be imposed.</li> </ul>	<ul style="list-style-type: none"> <li>RLT and its Management ensure that safe environment, workplace and working conditions are observed by its contractors and consultants.</li> <li>RLT requires its contractors to observe DOLE and local government orders and ordinances with respect to occupational safety and health standards.</li> </ul>
What are the Risks Identified?	Management Approach
<ul style="list-style-type: none"> <li>For the workers, the risks they face are accidents and getting contaminated by illnesses of fellow workers (such as COVID-19).</li> <li>Lack of training and experience could be the causes of accidents.</li> </ul>	<ul style="list-style-type: none"> <li>RLT in its prequalification of contractors require observance of safety standards in the work areas and for workers.</li> <li>RLT also ascertains that appropriate insurance coverage (such as Contractors All Risk Insurance) is procured by the contractor/s to cover any eventuality</li> <li>In the case of the COVID-19 pandemic, RLT requires its contractors to adhere fully to the requirements set by the DOH, the DOLE, the DPWH, the municipality/city government and the barangay concerned.</li> </ul>
What are the Opportunities Identified?	Management Approach
There are no significant opportunities identified.	

#### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	None
Child labor	N	None
Human Rights	N	None

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Forced labor, child labor and violation of human rights are not specifically mentioned in Company policies as they are presumed not to be allowed at any instance.	These will be explicit included in Company policies
What are the Risks Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunities Identified?	Management Approach
There are no significant opportunities identified.	

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

RLT does not have a supplier accreditation policy. However, terms of reference for each undertaking are clearly issued to potential bidders and prequalification procedures are being followed as part of best practices to ensure acceptability of suppliers/contractors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	RLT observes industry best practices when dealing with its suppliers/contractors. Our employees when dealing with our suppliers/contractors are properly advised, guided and mindful that bribery and corruption will not be tolerated in the Company.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT engages the services of well-known, reputable suppliers that do not engage in forced labor, child labor and other illegal practices.	RLT is into development of premium condominium buildings. As such it also deals with premium and quality suppliers and contractors. Most of them are repeat contractors and suppliers. Over time, RLT is able to assure itself that it is dealing with reputable suppliers and contractors.
What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

### Relationship with Community

#### Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
The premium projects completed by RLT improved the community in terms of aesthetic considerations and enhancement	Projects are located in premium locations that allows for easier accessibility	Residential condominium projects of RLT have provisions for senior assisted living. This is because RLT's residential	No.	Condominium corporations are conscious about taking care of its residents, especially senior citizens.	Not applicable

of the property values in the surrounding areas.		condominium buildings are meant to be home-replacement alternatives for senior citizens.			
--	--	--	--	--	--

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
FPIC process is still undergoing	TBD	#
CP secured	None yet	#

RLT operations do not have significant impact on vulnerable groups in the society.

What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	Management Approach
No significant opportunities are identified.	

### Customer Management

#### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not available	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being a developer-seller of premium condominium units, RLT is very concerned about customer satisfaction, ensuring that units delivered /	<ul style="list-style-type: none"> <li>RLT employees, particularly our Sales Group, Sales Support Group and most especially our Property Management Group and Project Construction Management</li> </ul>

transferred to its buyers are based on specifications.	<p>Group, are trained to ensure quality of work at RLT developments.</p> <ul style="list-style-type: none"> <li>▪ Buyers of units of RLT projects are given a one-year warranty period, and all repairs and workmanship re-work are done free-of-charge.</li> <li>▪ Our Sales Group and Sales Support Group assist customers complete documentary requirements to fast track transfer of ownerships to the said customers.</li> <li>▪ Our Property Management Group and Project Construction Management Group ensure that installed appliances in the units are of good quality and in good working condition.</li> <li>▪ Maintenance in the common areas of the condominium buildings are properly monitored i.e. lightings, elevators, etc., by the Condominium Corporation.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
Customer satisfaction is a very key element in successful selling of high-end condominium units as negative news gets around very fast, especially with the advent of social media. Thus, it must be taken very seriously because of the harm that can be caused by negative publicity.	<p>The Company treats customer satisfaction very seriously as can be shown by the fact that there have been a lot of repeat buyers of RLT's projects over the years.</p> <p>This is in spite of very limited marketing collateral in the selling of the units in RLT's projects.</p>
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
Satisfied customers have been the best "sales agents" of RLT. Word of mouth and positive responses insofar as customer satisfaction is concerned have helped in the marketing of RLT's projects.	Customer service is a serious matter in RLT. Residents' complaints, issues or requests for repairs are taken up in weekly meetings of the Project Committee for those units still under a one-year warranty period and in the board meetings of the Condominium Corporations.

#### Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> <li>▪ RLT ensures that all its contractors follow strict policies, rules and regulations on safety imposed by regulatory agencies in the construction of its projects (residential or commercial condominium buildings).</li> <li>▪ In terms of the COVID-19 pandemic, RLT is strictly following the protocols prescribed by the DOH, DOLE, DPWH, the local government units covering RLT's areas of operations, including but not limited to the following:               <ul style="list-style-type: none"> <li>○ Requirement on returning employees or workers of contractors of presenting either results of rapid tests conducted on them or barangay health certification prior to allowing them entry to office or building premises;</li> <li>○ Constructing an isolation tent for employees, residents or workers of contractors who may be exhibiting symptoms of COVID-19;</li> <li>○ Presence of a full-time nurse for consultation and as liaison to hospitals and testing centers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ RLT believes in the principle of protecting the health and safety of its employees as well as those of the employees of its consultants, contractors and suppliers.</li> <li>▪ RLT fully subscribes to all applicable rules and regulations imposed by regulatory agencies in making sure that its contractors comply with building construction safety protocols.</li> <li>▪ RLT's concern for the health and safety of its employees and those of its contractors extends to making them safe from COVID-19.</li> </ul>
What are the Risks Identified?	Management Approach
<ul style="list-style-type: none"> <li>▪ Accidents in building construction site/s due to negligence or non-conformance to prescribed rules and regulations imposed by regulatory authorities</li> <li>▪ Property damages as a result of substandard workmanship</li> </ul>	<p>RLT ensures that its projects are designed by world-class architects and consultants specializing in earthquakes (e.g., design can withstand globally acceptable/tolerable earthquake intensity), wind flows, building heat management, energy efficiency, etc., to prevent damages due to the elements or disasters.</p>

<ul style="list-style-type: none"> <li>Major damages caused by lack of adequate testing (e.g., caused by earthquakes, etc.)</li> </ul>	
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
<ul style="list-style-type: none"> <li>Enhanced reputation for quality products (condominium units) and services</li> <li>Growing the Company's loyal customer base</li> </ul>	Continue to turn out value-for-money premium developments that are well thought-out and exquisitely designed that in the future will make use of sustainable design principles

#### Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
RLT advertises subtly through billboards, brochures, online ads and makes use of social media page	<ul style="list-style-type: none"> <li>RLT's marketing is subtle and low-key in approach.</li> <li>It is focused more on getting prospective buyers to see the actual product being offered for sale.</li> <li>For those who express interest, a soft copy of the units for sale is provided the prospective buyer as well as classy brochures.</li> <li>RLT has engaged consultants to help the Company further enhance its brand image and well-conceived overall marketing plan.</li> </ul>
<b>What are the Risks Identified?</b>	<b>Management Approach</b>
Making commitments or promises that cannot be delivered enhance reputational risk.	RLT fully subscribes to "truth in advertising".
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
No significant opportunities are identified.	

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	More than 100 but less than 250	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the customer base of the Company.	<p>RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual.</p> <p><a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf</a></p> <p>Under the said manual –</p> <ul style="list-style-type: none"> <li>▪ Collection of information/data from customers are with consent.</li> <li>▪ Storing of data are kept secured.</li> <li>▪ All data obtained from customers are kept confidential.</li> </ul>
What are the Risks Identified?	Management Approach
The risk is the release of information on the Company's data subjects without their prior consent.	<ul style="list-style-type: none"> <li>▪ The Board has appointed a Data Protection Officer.</li> <li>▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and</li> </ul>



	data breach protocol, and the inquiry and complaints procedure.
<b>What are the Opportunities Identified?</b>	<b>Management Approach</b>
No significant opportunities are identified.	

#### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the security of the information on the customer base of the Company.	<p>RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual.</p> <p><a href="http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf">http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf</a></p> <p>Under the said manual –</p> <ul style="list-style-type: none"> <li>▪ Collection of information/data from customers are with consent.</li> <li>▪ Storing of data are kept secured.</li> <li>▪ All data obtained from customers are kept confidential.</li> </ul>
What are the Risks Identified?	Management Approach
The risk is the release of information on the Company's data subjects without their prior consent due to lack of security protocols.	<ul style="list-style-type: none"> <li>▪ The Board has appointed a Data Protection Officer.</li> <li>▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.</li> </ul>

What are the Opportunities Identified?	Management Approach
Feeling of comfort and security of the Company's data subjects would tend to attract more customers for RLT, both from prospective buyers of condominium units or prospective lessees.	Full compliance and adherence to laws and regulations; in this instance the Data Privacy Act.

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Property Development	<p><b>SDG 8</b> "Decent Work and Economic Growth"</p> <p><b>SDG 9</b> "Industry Innovation and Infrastructure"</p> <p><b>SDG 12</b> "Responsible Consumption and Production"</p>	<ul style="list-style-type: none"> <li>▪ Underage laborers from our third-party contractors.</li> <li>▪ Risk of accidents and injury.</li> <li>▪ Impact on environment due to industry and infrastructure development.</li> <li>▪ Increase consumption of energy and water due to project development.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure that contractors are observing laws and government directives.</li> <li>▪ Ensure that contractors are practicing responsible and safe construction methodologies (i.e. safety protocols are observed).</li> <li>▪ Ensure that necessary environmental clearances are obtained prior to start of project construction.</li> <li>▪ Ensure that developments are able to attain efficiencies in terms of energy consumption and optimization of use of water resources.</li> </ul>
Sale and lease of property (residential and commercial)	<p><b>SDG 6</b> "Clean Water and Sanitation"</p> <p><b>SDG 11</b> "Sustainable Cities and Community"</p>	<ul style="list-style-type: none"> <li>▪ Increased water and energy consumption as a direct consequence of increases in units constructed and sold</li> <li>▪ Potential increase in pollution and waste matter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Use of efficient sewage treatment facilities</li> <li>▪ For future projects, the Company will make use of sustainable design principles to include the ability to: <ul style="list-style-type: none"> <li>○ optimize site potential;</li> <li>○ minimize non-renewable energy consumption;</li> </ul> </li> </ul>

		due to increased no. of households	<ul style="list-style-type: none"> <li>○ use environmentally preferable products;</li> <li>○ protect and conserve water;</li> <li>○ enhance indoor environmental quality;</li> <li>○ optimize operational and maintenance practices.</li> </ul>
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*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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Company Name

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		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

Principal Office ( No./Street/Barangay/City/Town)Province)

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	E	R		N	.		D	O	M	I	N	G	O		S	T	R	E	E	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																			

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

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Secondary License Type, If Applicable

--	--	--	--

**COMPANY INFORMATION**

Company's Email Address

edmund.medrano@philrealty.com.ph

Company's Telephone Number/s

636-1170

Mobile Number

No. of Stockholders

2,333

Annual Meeting  
Month/Day

Fiscal Year  
Month/Day

December 31

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Edmund Medrano

Email Address

edmund.medrano@philrealty.com.ph

Telephone Number/s

Mobile Number

Contact Person's Address

Andrea North Complex, 1 Balete Balete Drive cor. N. Domingo Street New Manila, Quezon City

**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be property and completely filled-up. Failure to do shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2019, 2018 and 2017



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of PHILIPPINE REALTY AND HOLDINGS CORPORATION and SUBSIDIARIES (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

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

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

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

Signed this 17<sup>th</sup> day of March 2020

SUBSCRIBED AND SWORN to before me this 26 JUN 2020 day of \_\_\_\_\_, 2020, affiants exhibiting to me their Tax Identification No., as follows:

NAME/NO.	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Alfredo S. Del Rosario, Jr.	108-160-980
Edmundo C. Medrano	134-515-229

DOC NO. 318  
PAGE NO. 65  
BOOK NO. XXX  
SERIES OF 20 20

**ATTY. RUBEN M. ZAFES, JR.**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2020  
PTR NO. 9281243, 1-03-2020, Quezon City  
IBP No. AICS4011880 – Quezon City Chapter  
Roll of Attorney's No. 45427  
Admin Matter No. 053  
MCLE-VI-0030360 – 2-18-2020  
TIN: 140-394-386-000  
Unit 2 UGF-2 Opulent Bldg., EDSA, Q.C.



## REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors  
Philippine Realty and Holdings Corporation and Subsidiaries  
One Balete, 1 Balete Drive corner N. Domingo Street  
Brgy. Kaunlaran District 4  
Quezon City

### *Opinion*

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of Real Estate Inventories

### *The Risk*

Real estate inventories constitute a material component in the Group's statements of financial position. Real estate inventories amounted to P1.16 billion representing 19% of the total assets as at December 31, 2019. Real estate inventories include properties under construction, newly built and acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

### *Our Response*

Based on a sample selected according to qualitative and quantitative factors, our audit procedures included the following:

- Evaluation of recognized costs for selected projects in terms of eligibility for capitalization and allocation on the basis of the respective financial forecast;
- Identification of deviations between financial forecasts and the respective project accounts together with a critical assessment of these deviations through discussions with project managers, and reconciliation of actual costs with construction cost statements; and
- Analysis of realizable values by inspecting the most recent sales contracts and comparing expected future costs, costs already capitalized and expected sales proceeds from remaining properties.

## Allowance for Impairment Losses on Trade and Other Receivables

### *The Risk*

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2019, trade and other receivables has a total carrying amount of P1.62 billion contributing 26% of the Group's total assets.

### *Our Response*

Our audit procedures included the following:

- Testing the Group's controls over the receivables collection processes.
- Testing the adequacy of the Group's provisions against trade receivables by assessing management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry and expected cash flows from the sale of collateral held or other credit enhancements.
- We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

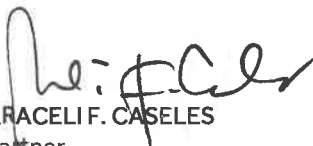
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Araceli F. Caseles.

**MACEDA VALENCIA & CO.**



**ARACELI F. CASELES**

Partner

CPA License No. 113583

PTR No. 8139185

Issued on January 14, 2020 at Makati City

SEC Accreditation No. (individual) as general auditor 1779-A Category A,

Effective until September 23, 2022

SEC Accreditation No. (firm) as general auditors 4748-SEC;

Effective until February 17, 2023

TIN 228-154-366-000

BIR Accreditation No. 08-007752-001-2019

Issued on December 19, 2019; effective until December 18, 2022

BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 17, 2020

Makati City

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019, 2018 AND 2017**

	<i>Note</i>	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	P218,430,583	P78,462,791
Financial assets at fair value through profit or loss (FVPL)	4	6,750,000	6,750,000
Trade and other receivables - current portion	6	351,394,206	1,006,530,211
Real estate inventories	7	1,159,131,710	1,431,248,954
Prepayments and other assets - net	8	406,326,485	305,369,994
<b>Total Current Assets</b>		<b>2,142,032,984</b>	<b>2,828,361,950</b>
<b>Non-current Assets</b>			
Financial assets at fair value through other comprehensive income (FVOCI)	5	35,693,930	41,333,478
Trade and other receivables - non current portion	6	1,273,794,211	265,669,488
Investments in and advances to associates - net	9	74,609,802	76,673,455
Investment properties	11	2,223,285,470	1,693,172,141
Property and equipment - net	12	93,978,372	118,444,300
Right of Use Asset	13	107,862,621	-
Investment in Finance Lease	13	241,562,399	-
Other non-current assets		53,388	-
<b>Total Non-current Assets</b>		<b>4,050,840,193</b>	<b>2,195,292,862</b>
		<b>P6,192,873,177</b>	<b>P5,023,654,812</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables - current portion	14	P238,703,926	P408,874,330
Unearned income	15	1,295,643	899,787
Loans and note payable	16	481,658,467	271,896,088
Lease liability - current portion	13	14,112,902	-
<b>Total Current Liabilities</b>		<b>735,770,938</b>	<b>681,670,205</b>
<b>Non-current Liabilities</b>			
Trade and other payables - net of current portion	14	120,758,909	176,447,232
Loans and note payable - net of current portion	16	673,427,834	388,782,961
Retirement benefit obligation	18	55,320,659	25,399,477
Deferred tax liabilities - net	27	428,965,492	242,606,874
Lease liability - noncurrent	13	202,339,455	-
Other non-current liabilities	13	41,540,793	38,015,065
<b>Total Non-current Liabilities</b>		<b>1,522,353,142</b>	<b>871,251,609</b>
<b>Total Liabilities</b>		<b>2,258,124,080</b>	<b>1,552,921,814</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock	28	2,344,226,245	2,344,198,495
Additional paid-in capital	28	557,014,317	557,014,317
Reserves	29	46,376,118	66,940,178
Retained earnings		1,113,176,522	617,459,124
Treasury stock	28	(110,049,633)	(109,712,439)
		<b>3,950,743,569</b>	<b>3,475,899,675</b>
<b>Equity Attributable to Non-Controlling Interest</b>	30	<b>(15,994,472)</b>	<b>(5,166,677)</b>
		<b>3,934,749,097</b>	<b>3,470,732,998</b>
		<b>P6,192,873,177</b>	<b>P5,023,654,812</b>

See Notes to the Consolidated Financial Statements.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	<i>Note</i>	2019	2018	2017
<b>INCOME</b>				
Sales of real estate		P1,074,673,171	P1,009,230,247	P785,934,606
Rent	13	50,850,057	102,120,869	47,053,723
Management fees	20	42,954,915	34,047,671	30,159,048
Interest	22	14,697,898	3,574,804	11,515,074
Commission	21	5,727,141	6,676,026	7,561,923
Gain on sale of property and equipment		-	3,952,737	238,988
Gain on sale of AFS financial assets		-	-	19,205,993
Equity in net income of an associate	9	-	-	3,127,507
Other income	23	696,372,717	661,531,938	359,288,714
		<b>1,885,275,899</b>	<b>1,821,134,292</b>	<b>1,264,085,576</b>
<b>COSTS AND EXPENSES</b>				
Cost of real estate sold	7	583,833,983	594,013,963	471,047,441
Cost of services	24	72,201,825	70,491,179	70,322,494
General and administrative expenses	25	512,378,346	506,541,946	318,574,003
Finance cost	13,16	17,069,529	8,474,222	9,547,530
Equity in net loss of an associate	9	2,063,651	8,204,998	-
Other expenses	26	611,650	63,633,979	2,293,579
		<b>1,188,158,984</b>	<b>1,251,360,287</b>	<b>871,785,047</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>697,116,915</b>	<b>569,774,005</b>	<b>392,300,529</b>
<b>INCOME TAX EXPENSE</b>	27	<b>212,227,312</b>	<b>178,840,222</b>	<b>129,790,383</b>
<b>NET INCOME</b>		<b>P484,889,603</b>	<b>P390,933,783</b>	<b>P262,510,146</b>
<b>Attributable to:</b>				
Equity holders of the parent		P495,717,398	P392,632,613	P264,361,753
Non-controlling interest	30	(10,827,795)	(1,698,830)	(1,851,607)
		<b>P484,889,603</b>	<b>P390,933,783</b>	<b>P262,510,146</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Unrealized holding gain on available-for-sale financial assets	5	-	-	26,929,544
Transfer of loss on sale of available-for-sale investments to profit or loss		-	-	(48,897)
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of defined benefit obligation, net of tax	29	(14,686,450)	8,137,444	(7,549,685)
Unrealized holding loss on financial assets at FVOCI	5,29	(5,639,548)	(15,449,604)	-
		<b>(20,325,998)</b>	<b>(7,312,160)</b>	<b>19,330,962</b>
<b>Total Comprehensive Income</b>		<b>P464,563,605</b>	<b>P383,621,623</b>	<b>P281,841,108</b>
<b>BASIC EARNINGS PER SHARE</b>	31	<b>P0.10</b>	<b>P0.08</b>	<b>P0.05</b>

See Notes to the Consolidated Financial Statements.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	Equity Attributable to Equity Holders of the Parent Company						Non-controlling Interest (Note 30)	Total Equity
	Capital Stock (Note 28)	Additional Paid-in Capital (Notes 28)	Reserves (Note 29)	Retained Earnings (Deficit)	Treasury Stock (Note 28)	Total		
<b>Balance at January 1, 2017</b>	P2,257,878,523	P557,014,317	P177,517,992	(P111,274,009)	(P163,383,895)	P2,717,752,928	(P6,694,818)	P2,711,058,110
<b>Comprehensive income (loss)</b>								
Net income (loss) for the year	-	-	-	264,361,753	-	264,361,753	(1,851,607)	262,510,146
Other comprehensive income (loss) for the year	-	-	17,789,593	(48,897)	-	17,740,696	1,590,266	19,330,962
Total comprehensive income (loss) for the year	-	-	17,789,593	264,312,856	-	282,102,449	(261,341)	281,841,108
Collections of subscriptions receivable	86,319,972	-	-	-	-	86,319,972	-	86,319,972
Reissuance of shares	-	-	-	-	2,479,681	2,479,681	-	2,479,681
Total transactions with owners	86,319,972	-	-	-	2,479,681	88,799,653	-	88,799,653
<b>Balance at December 31, 2017</b>	2,344,198,495	557,014,317	195,307,585	153,038,847	(160,904,214)	3,088,655,030	(6,956,159)	3,081,698,871
<b>Comprehensive income (loss)</b>								
Net income (loss) for the year	-	-	-	392,632,613	-	392,632,613	(1,698,830)	390,933,783
Other comprehensive loss for the year	-	-	(7,312,160)	-	-	(7,312,160)	-	(7,312,160)
Total comprehensive income (loss) for the year	-	-	(7,312,160)	392,632,613	-	385,320,453	(1,698,830)	383,621,623
Effect of reclassification of financial assets at FVPL to financial assets at FVOCI	-	-	17,308,122	(17,308,122)	-	-	-	-
Disposal of financial assets at FVOCI	-	-	1,924,192	-	-	1,924,192	3,488,312	5,412,504
Reissuance of shares	-	-	-	(51,191,775)	51,191,775	-	-	-
Reversal of appropriation	-	-	(140,287,561)	140,287,561	-	-	-	-
	-	-	(121,055,247)	71,787,664	51,191,775	1,924,192	3,488,312	5,412,504
<b>Balance at December 31, 2018</b>	2,344,198,495	557,014,317	66,940,178	617,459,124	(109,712,439)	3,475,899,675	(5,166,677)	3,470,732,998
<b>Comprehensive income (loss)</b>								
Net income (loss) for the year	-	-	-	495,717,398	-	495,717,398	(10,827,886)	484,889,603
Other comprehensive loss for the year	-	-	(20,325,998)	-	-	(20,325,998)	-	(20,325,998)
Total comprehensive income (loss) for the year	-	-	(20,325,998)	495,716,999	-	475,391,400	(10,827,886)	464,563,605
Collection of subscription receivable	27,750	-	-	-	-	27,750	-	27,750
Disposal	-	-	(238,062)	-	-	(238,062)	-	(238,062)
Acquisition of shares	-	-	-	-	(337,194)	(337,194)	-	(337,194)
	27,750	-	(238,062)	-	(337,194)	(547,506)	-	(547,506)
<b>Balance at December 31, 2019</b>	P2,344,226,245	P557,014,317	P46,376,118	P1,113,176,522	(P110,049,633)	P3,950,743,569	(P15,994,563)	P3,934,749,097

See Notes to the Consolidated Financial Statements.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	<i>Note</i>	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		P697,116,915	P569,774,005	P392,300,529
Adjustments for:				
Impairment loss on trade and other receivables	25	80,758,365	26,262,781	1,576,440
Depreciation and amortization	24,25	26,197,729	13,478,898	26,316,175
Impairment loss on property and equipment	25	19,406,340	-	-
Finance costs	13,16	17,069,529	8,474,222	9,547,530
Provision for retirement benefits	18	8,940,538	11,008,355	9,885,206
Equity in net loss (income) of an associate	9	2,063,651	8,204,997	(3,127,507)
Unrealized foreign exchange loss (gain) – net	23,26	403,018	(1,809,732)	161,501
Gain on fair value adjustment of investment properties	11,23	(546,695,730)	(511,432,937)	(354,123,354)
Gain on sublease	23	(139,125,678)	-	-
Interest income	22	(14,697,898)	(3,574,804)	(11,515,074)
Gain on sale cancellation		(4,912,075)	-	-
Dividend income	23	(716,722)	(626,337)	(400,915)
Reversal of various liabilities	23	(24,484)	(109,006,274)	(1,058,516)
Impairment loss on other assets	25	-	16,637,343	-
Gain on sale of property and equipment – net		-	(3,644,424)	(238,988)
Gain on sale of AFS financial assets		-	-	(19,205,994)
Operating income before working capital changes		145,783,498	23,746,093	50,117,033
Decrease (increase) in:				
Trade and other receivables		(434,322,340)	(425,662,730)	(251,671,949)
Prepayments and other assets		(120,837,375)	(132,871,065)	(43,299,510)
Real estate inventories		363,270,881	473,960,364	(46,234,430)
Increase (decrease) in:				
Trade and other payables		(226,237,261)	346,390,221	125,727,619
Unearned income		395,856	(3,897,629)	(13,221,499)
Other non-current liabilities		3,525,729	(27,048,517)	-
Cash generated from (used in) operations		(268,421,012)	254,616,737	(178,582,736)
Interest received		14,697,897	3,574,804	11,515,074
Dividends received		716,722	626,337	400,915
Contributions to retirement fund	18	-	(4,500,000)	(800,000)
Retirement benefit paid	18	-	(395,000)	(132,868,347)
Net cash provided by (used in) operating activities		(253,006,393)	253,922,878	(300,335,094)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	12	(11,442,647)	(8,800,170)	(52,432,611)
Additions to investment properties	11	(69,659,161)	(135,765,653)	(329,274,552)
Proceeds from sale of AFS financial assets	5	-	21,952,385	118,817,906
Proceeds from disposal of property and equipment		-	9,902,823	1,493,191
Proceeds from sale of HTM Investments		-	1,000,000	-
Net cash used in investing activities		(P81,101,808)	(P111,710,615)	(P261,396,066)

Forward



**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	<i>Note</i>	2019	2018	2017
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availment of loans and note	16	P860,815,000	P9,287,000	P827,554,118
Investment in lease receipts		11,066,012	-	-
Collection of subscriptions receivable	28	27,750	-	86,319,972
Payments of loans and note payable	16	(366,407,748)	(205,429,114)	(258,448,994)
Finance cost paid		(17,069,529)	(8,474,222)	(8,670,139)
Lease liability payments		(14,355,492)	-	-
Net cash from (used in) financing activities		474,075,993	(204,616,336)	646,754,957
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		139,967,792	(62,404,073)	85,023,797
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
		78,462,791	140,866,864	55,843,067
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
		P218,430,583	P78,462,791	P140,866,864

*See Notes to the Consolidated Financial Statements.*

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**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Corporate Information**

Philippine Realty and Holdings Corporation (the "Parent 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. The principal activities of the Parent 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 Parent Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

The Parent Company is 35.67% owned by Greenhills Properties, Inc. (GPI), a corporation incorporated under the laws of the Philippines. The remaining shares are owned by various individuals and institutional stockholders.

The financial position and results of operations of the Parent Company and its subsidiaries (collectively referred to as the "Group") are consolidated in these financial statements (see Note 37).

On April 18, 2018, the Board of Directors of the Parent Company approved the contribution by GPI into the Parent Company of two (2) vacant lots located in Bonifacio Global City (BGC) more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6<sup>th</sup> Avenue and 24<sup>th</sup> Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6<sup>th</sup> Avenue corner 25<sup>th</sup> Street. Lot 1 Block 8 is registered under the name of GPI, and GPI also acquired Lot 4 Block 8 from its wholly-owned subsidiary, Lochinver Assets Inc. (LAI), by way of merger approved by the SEC, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The proposed transaction will involve the issuance of 4,177,777,778 new common shares by the Parent Company in favor of GPI, to be issued from the increase in the authorized capital stock (ACS) of the Parent Company, in exchange for GPI's contribution of two (2) vacant lots in the BGC as capital.

On July 23, 2018, the Stockholders approved the above transaction and the amendment of Article VII of the Parent Company's Articles of Incorporation increasing the Parent Company's authorized capital stock from 8,000,000,000 common shares with a par value of PhP0.50 per share to 16,000,000,000 common shares with a par value of PhP0.50 per share. The Parent Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

The contribution of two (2) vacant lots in the BGC by GPI in exchange for the Parent Company's shares of stock is still pending due to the processing of the titles of the two (2) vacant lots.

The Parent Company's registered office is at One Balete, 1 Balete Drive Corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

Events After the Reporting Period

On March 16, 2020, the Philippine government implemented an Enhanced Community Quarantine throughout Luzon starting March 17 until April 30, 2020, in response to the COVID-19 pandemic. Other parts of the country also declared similar quarantine measures. Management believes that the COVID-19 pandemic is a non-adjusting event. Non-adjusting events do not result in adjustments to the consolidated financial statements. As of March 17, 2020, the date the Board approved the financial statements as of December 31, 2019, the effects of the pandemic on the Group's consolidated financial statements after the reporting date cannot yet be reasonably determined.

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**2. Basis of Preparation**

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include the availment of the relief granted by the Securities

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019 as discussed in the section below on Adoption of New and Amended Accounting Standards and Interpretations. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The accompanying consolidated financial statements as at and for the year ended December 31, 2018 were approved and authorized for issuance by the Board of Directors (BOD) on March 17, 2020.

**Basis of Measurement**

The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

**Functional and Presentation Currency**

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

**Use of Estimates and Judgments**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 33.

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**3. Cash and Cash Equivalents**

This account consists of:

	<b>2019</b>	<b>2018</b>
Cash in banks	<b>P138,594,791</b>	P68,368,920
Cash on hand	<b>804,263</b>	42,000
Cash equivalents	<b>79,031,529</b>	10,051,871
	<b>P218,430,583</b>	P78,462,791

Cash in banks earn average annual interest ranging from 1.0% to 1.25% in 2019 and 2018. Cash equivalents represent short-term money market placements with maturities up to three months and earn annual interest at the prevailing short-term investment rates.

Interest income recognized amounted to P1.21 million, P2.40 million and P0.51 million as at December 31, 2019, 2018 and 2017, respectively (see Note 22).

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**4. Financial Assets at FVPL**

This account is composed of listed equity securities that are held for trading amounting to P6,750,000. The fair values of these securities are based on quoted market price.

**5. Financial Assets at FVOCI**

As at December 31, financial assets at FVOCI consist of investments in:

	<i>Note</i>	<b>2019</b>	<b>2018</b>
At cost:			
Listed shares of stock		<b>P58,332,808</b>	P58,332,808
Golf and country club shares		<b>3,350,000</b>	3,350,000
		<b>61,682,808</b>	61,682,808
Accumulated unrealized holding loss	<i>29</i>	<b>(25,988,878)</b>	(20,349,330)
		<b>P35,693,930</b>	P41,333,478

The movements in this account are summarized as follows:

	<i>Note</i>	<b>2019</b>	<b>2018</b>
Balance at beginning of year		<b>P41,333,478</b>	P37,526,520
Fair value adjustments	<i>29</i>	<b>(5,639,548)</b>	(15,449,604)
Reclassification from financial assets at FVPL			
Cost		-	1,948,440
Accumulated unrealized holding gain		-	17,308,122
Balance at end of year		<b>P35,693,930</b>	P41,333,478

These are investments in shares of stock of various listed equity securities, and golf and country club shares that present the Company with opportunity for return through dividend income. The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Group's reserves.

The above investments in equity instruments are not held for trading and the Group irrevocably elected to present subsequent changes in fair values in OCI.

Unrealized holding gain (loss) recognized in other comprehensive income from financial assets at FVOCI/AFS financial assets amounted to (P5.6) million in 2019, (P15.4) million in 2018 and P25.3 million in 2017 (see Note 29).

Proceeds from disposal of investments amounted to nil and P21,952,385 in 2019 and 2018, respectively.

Dividend income recognized in profit or loss amounted to P716,722, P626,337 and 400,915 in 2019 2018 and 2017, respectively (see Note 23).

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. Trade and Other Receivables**

This account is composed of:

	2019	2018
Trade:		
Sale of real estate	P1,494,999,148	P1,052,682,768
Lease	10,911,410	22,533,032
Management fees	8,188,370	5,954,270
Premiums receivable	3,009,253	4,400,104
Commission	420,558	4,983,724
Advances	46,446,609	44,116,719
Other receivables	167,901,338	163,458,986
	1,731,876,686	1,298,129,603
Less: allowance for impairment loss	106,688,269	25,929,904
	P1,625,188,417	P1,272,199,699

Trade receivables from sale of real estate include amounts due from buyers of the Parent Company's condominium projects, generally over a period of three (3) or four (4) years. The condominium certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Trade receivables due after one-year amounted P1.27 billion in 2019 and P265.61 million in 2018. Trade receivables carry yield-to-maturity interest rates of 5.64% in 2019, 2018 and 2017. Interest income recognized amounted to P2,484,558, P1,020,842 and P879,085 as at December 31, 2019, 2018 and 2017, respectively (see Note 22).

Certain trade receivables with total carrying value of P11.9 million as at December 31, 2018 are pledged to a local bank as collateral to the Parent Company's loans payable (see Note 16).

Other receivables as at December 31, 2019 and 2018 include the outstanding receivables from Xcell Property Ventures, Inc. (Xcell) amounting to P9.7 million and P15.8 million, respectively (see Note 10). This also includes receivables amounting to P100.7 million and P98.4 million as at December 31, 2019 and 2018, respectively, in relation to the parcels of land sold in 2014. The remaining balance are receivables from concessionaires.

Receivables amounting to P105.3 million and P25.9 million as of December 31, 2019 and 2018, respectively, were impaired and fully provided for. The allowance for doubtful accounts for trade receivables has been determined as follows:

	2019	2018
Subject to 12-month ECL	P20,259,346	P25,929,904
Subject to lifetime ECL	86,428,923	-
Total	P106,688,269	P25,929,904

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2019, and 2018, the exposure at default amounts to P359 million, and P670.98 million, respectively. The expected credit loss rate is 3.86% that resulted in the ECL of P20.3 million and P25.9 million as at December 31, 2019 and 2018, respectively (see Note 35).

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Movements in allowance for impairment losses on receivables in 2019 and 2018 are as follows:

	<i>Note</i>	2019	2018
Balance at beginning of year		P25,929,904	P37,808,840
Provisions for the year	25	80,758,365	26,262,781
Reversal of provisions		-	(38,141,717)
Balance at end of year		P106,688,269	P25,929,904

**7. Real Estate Inventories**

This account consists of:

	2019	2018	2017
In progress:			
Andrea North SkyVillas Tower	P209,667,249	P652,132,911	P1,102,134,283
Andrea North Estate	88,058,328	72,612,549	67,094,101
BGC Project	154,516,512	54,522,805	-
Others	-	-	16,973,867
	452,242,089	779,268,265	1,186,202,251
Completed units:			
Andrea North Skyline Tower	182,695,848	219,779,747	228,314,325
The Icon Plaza	40,864,849	19,846,249	25,251,249
Casa Miguel	6,895,314	6,895,314	6,895,314
	230,456,011	246,521,310	260,460,888
Land held for development:			
Baguio	341,066,697	269,892,466	269,892,466
New Manila, Quezon City	135,366,913	135,566,913	188,653,713
	476,433,610	405,459,379	458,546,179
	P1,159,131,710	P1,431,248,954	P1,905,209,318

BGC Project represent the cost of the master plan design of the new towers in BGC.

In July 2011, the Parent Company had a joint arrangement with Xcell for the development of a residential/commercial condominium on the Parent Company's Fort Bonifacio lot to be called "The Icon Plaza." The Parent Company contributed lot 9-4 to the joint arrangement and in return will receive twenty percent (20%) of the aggregated area of all the completed and saleable units of the project, plus 35% of the joint arrangement's pre-tax profits from the project which was agreed by the parties in 2014 to amount to P891 million.. The Parent Company's share on the saleable area of The Icon Plaza under joint arrangement with Xcell is recorded as real estate inventories.

In 2018, although not yet approved by the Board of Accountancy, the Parent Company adopted PIC Q&A 2018-11, *Classification of Land by Real Estate Developer*. Based on this interpretation, real estate inventories include land which the BOD has previously approved to be developed into residential development for sale. This was previously presented as real estate held for development under non-current assets. Before the adoption of PIC Q&A 2018-11, the classification was based on the Parent Company's timing to start the development of the property. This was reclassified under inventories in the consolidated statements of financial position.

Certain real estate inventories are mortgaged as collaterals to loans (see Note 16).

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The cost of real estate inventories recognized as cost of sales amounted to P583,833,983, P594,013,963, and P471,047,441 in 2019, 2018 and 2017, respectively.

**8. Prepayments and Other Assets**

This account consists of:

	2019	2018
Prepaid taxes	P155,834,221	P92,068,646
Creditable withholding tax	127,043,469	147,661,182
Prepaid expenses	93,996,571	41,023,462
Deferred input VAT	14,041,807	13,350,832
Deposit	4,723,660	2,995,508
Input tax – net	127,343	115,589
Other assets	10,559,414	8,154,775
	<b>P406,326,485</b>	<b>P305,369,994</b>

Prepaid taxes are unutilized creditable withholding taxes, a portion of which was filed for refund with the Bureau of Internal Revenue.

Creditable withholding tax is the tax withheld by the customers from their payment to the Group and which tax is creditable against the income tax payable of the Group.

Prepaid expenses consist of advance payment for rent, real property tax, insurance premium and membership dues.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

**9. Investments in and Advances to Associates**

Details of the ownership interest in associates as at December 31 are as follows:

	2019	2018
Le Cheval Holdings, Inc. (LCHI)	45%	45%
Alexandra (USA), Inc. (AUI)	45%	45%
Meridian Assurance Corporation	30%	30%

Details of investment in and advances to associates are as follows:

	2019	2018
<b>Meridian Assurance Corporation</b>		
Investment - acquisition cost	P88,875,080	P88,875,080
Accumulated equity in net loss:		
Balance at beginning of year	(12,335,756)	(4,140,235)
Equity in net loss for the year	(2,054,671)	(8,195,521)
Balance at end of year	(14,390,427)	(12,335,756)
	<b>P74,484,653</b>	<b>P76,539,324</b>

*Forward*

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	2019	2018
<b>Le Cheval Holdings, Inc.</b>		
Investment - acquisition cost	P11,250	P11,250
Allowance for impairment loss	(11,250)	(11,250)
	-	-
Accumulated equity in net income:		
Balance at beginning of year	134,129	143,607
Equity in net loss for the year	(8,980)	(9,476)
Balance at end of year	125,149	134,131
	125,149	134,131
<b>Alexandra (USA), Inc.</b>		
Investment - acquisition cost	14,184,150	14,184,150
Allowance for impairment loss	(14,184,150)	(14,184,150)
	-	-
Advances to AUI	132,417,765	132,417,765
Allowance for unrecoverable advances	(132,417,765)	(132,417,765)
	-	-
	P74,609,802	P76,673,455

The Parent Company's management performed an assessment for impairment on its investment in and advances to associates. The imminent liquidation of Alexandra USA, Inc. (AUI) indicates the possible impairment in the value of investment in this entity. In 2011, the Parent Company provided an allowance for impairment loss amounting to P14,184,150 for investments in AUI. The advances were likewise provided with 100% allowance.

The Parent Company also provided an allowance for impairment loss amounting to P11,250 for investments in LCHI.

Aggregated amounts relating to associates are as follows:

	2019	2018
<b>Meridian Assurance Corporation (MAC)</b>		
Total assets	P288,669,121	P310,595,681
Total liabilities	39,456,488	58,830,690
Net assets	249,212,633	251,764,991
Income	14,572,878	10,627,527
Cost and expenses	(21,421,781)	(37,945,930)
Net loss	(P6,848,903)	(P27,318,403)
<b>Le Cheval Holdings, Inc. (LCHI)</b>		
Total assets	P45,362	P45,362
Total liabilities	142,248	122,293
Net liabilities	(96,886)	(76,931)
Income	-	-
Cost and expenses	(19,955)	(21,058)
Net loss	(P19,955)	(P21,058)



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The following are the principal activities of the Group's Associates:

Meridian Assurance Corporation

MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

MAC did not comply with the minimum capital requirement set by the Insurance Commission as of December 31, 2016, as it is ceding its insurance business portfolio to another insurance company. MAC, however, will continue servicing the administrative requirements of all outstanding policies issued until their expiry. On March 30, 2017, MAC wrote the Insurance Commission to apply for a license as a servicing company and tendered its Certificate of Authority (CA) as non-life insurance company. Pending issuance of the servicing license, MAC still issued new policies up to April 30, 2017. On May 1, 2017, the Insurance Commission approved MAC's application as a servicing company and issued a servicing license. As a servicing insurance company, MAC's transactions are confined to: (i) accepting periodic premium payments from its policyholders; (ii) granting policy loans and paying cash surrender values of outstanding policies to its policyholders; (iii) reviving lapsed policies of its policyholders, and (iv) such other related services. Upon divestment of the insurance business, MAC plans to engage in the business of asset management.

The registered office of MAC is at 2003-B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. Aside from its head office in Metro Manila, it maintains offices in the cities of Cebu and Davao.

Le Cheval Holdings, Inc.

LCHI was incorporated and registered with the SEC on August 30, 1994 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Philippine Racing Club, Inc. (PRCI), a holding company incorporated in the Philippines. In 1996, LCHI sold its shares of stock with PRCI. Thereafter, LCHI became inactive.

Alexandra (USA), Inc.

AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjieng. AUI is in the process of liquidation after the completion of the projects in Naples and Orlando. No information was obtained in the financial status and operations of AUI since 2012.

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**10. Land Invested in Joint Arrangements**

Xcell Property Ventures, Inc. (Xcell)

In 2014, the Parent Company and Xcell entered into a final joint arrangement that will be the final settlement for both parties since Icon Residences and Andrea North Skyline were 100% completed and the objectives of the agreement were already achieved. The land invested in the joint arrangement was transferred to Xcell in 2014 and the Parent Company's final settlement from the project amounted to a total of P891 million. The Parent Company recognized an income from the joint arrangement amounting to P84.67 million in 2014. Interest income on receivables arising from the joint arrangement amounting to P10,005,694 was recognized in 2017 (see Note 19). The Parent Company did not recognize interest income in 2019 and 2018 as agreed with Xcell.

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**11. Investment Properties**

The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The effects are detailed below:

	<i>Note</i>	<b>2019</b>	<b>2018</b>
Balance, beginning		<b>P1,693,172,141</b>	P865,348,710
Cost of investment property returned	<i>19</i>	-	180,624,841
Additions		<b>69,659,161</b>	135,765,653
Gain on change in fair value	<i>23</i>	<b>546,695,730</b>	511,432,937
Reclassification from property and equipment		<b>(86,241,562)</b>	-
Balance, ending		<b>P2,223,285,470</b>	P1,693,172,141

An independent valuation of the Group's investment properties as of January 3, 2020 and January 7, 2020 was performed by an independent appraiser accredited with both the PSE and the SEC to determine their fair value. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

Details of investment properties are as follows:

	<b>2019</b>	<b>2018</b>
Condominium units and parking spaces		
PSE Tower I	<b>P1,355,498,720</b>	P971,197,140
PSE Tower II	<b>630,856,610</b>	437,103,810
Icon Plaza	<b>236,930,140</b>	219,648,230
	<b>2,223,285,470</b>	1,627,949,180
Accumulated depreciation	-	-
	<b>2,223,285,470</b>	1,627,949,180
Baguio - residential properties	-	65,222,961
	<b>P2,223,285,470</b>	P1,693,172,141

Rental income recognized from the investment properties amounted to P60,763,657 in 2019, P76,466,492 in 2018, and P37,484,724 in 2017. Real property taxes attributable to the investment property amounted to P8,693,849 in 2019, P6,008,868 in 2018 and P5,032,094 in 2017 these are included as part of taxes and licenses in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 16).

In 2019, the management decided to change the plan for the Baguio property previously recorded as investment property from held for development to earn rental income to held for development and sale. In effect, the property was reclassified as inventory.

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**12. Property and Equipment**

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2019 and 2018				
	Condominium Units, Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Leasehold and Office Improvements	Total
<b>Cost</b>					
January 1, 2018	P120,972,749	P24,267,113	P55,828,254	P2,303,560	P203,371,676
Additions	-	1,769,541	7,030,629	-	8,800,170
Disposals	(5,476,051)	(709,685)	(6,317,429)	(1,082,379)	(13,585,544)
December 31, 2018	115,496,698	25,326,969	56,541,454	1,221,181	198,586,302
Additions	-	2,590,130	8,852,517	-	11,442,647
Impairment loss	(19,406,340)	-	-	-	(19,406,340)
December 31, 2019	96,090,358	27,917,099	65,393,971	1,221,181	190,622,609
January 1, 2018	27,748,903	20,536,510	24,134,419	1,658,612	74,078,444
Provision	3,307,059	2,186,363	7,886,360	30,921	13,410,703
Disposals	(2,860,577)	(620,360)	(3,269,730)	(596,478)	(7,347,145)
December 31, 2018	28,195,385	22,102,513	28,751,049	1,093,055	80,142,002
Provision	3,336,010	3,768,991	9,381,777	15,457	16,502,235
December 31, 2019	31,531,395	25,871,504	38,132,826	1,108,512	96,644,237
At December 31, 2018	P87,301,313	P3,224,456	P27,790,405	P128,126	P118,444,300
At December 31, 2019	P64,558,963	P2,045,595	P27,261,145	P112,669	P93,978,372

Certain transportation equipment of the Group with total carrying value of P22.68 million and P22.89 million and as at December 31, 2019 and 2018, respectively are pledged as security under chattel mortgage (see Note 16).

**13. Leases**

Lease agreement as lessee

The Parent Company leases two parcels of land located at 5<sup>th</sup> avenue corner 25<sup>th</sup> Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Parent Company also leases a condominium unit located at the 20<sup>th</sup> floor, East tower of Philippine Stock Exchange Centre, Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

*Effect of Adoption of PFRS 16, Leases*

As disclosed in Note 32, the Group adopted PFRS 16, *Leases* effective January 1, 2019 using the modified retrospective approach and opted not to restate comparative information.

The Parent Company measured the lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and recognized a right-of-use asset at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application.

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The carrying amount of right-of-use assets as at December 31, 2019 is shown below.

	2019
Right-of-use asset	P117,558,116
Accumulated amortization	(9,695,495)
Carrying amount	P107,862,621

A maturity analysis of lease liabilities based on discounted gross cash flows is reported in the table below:

	2019
Less than 1 year	P14,112,902
More than 1 year	202,339,455
Total lease liabilities	P216,452,357

The Parent Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018
Less than 1 year	P23,769,000
More than 1 year	285,313,250
Total lease liabilities	P309,082,250

Total rental charged to miscellaneous expense under the said lease agreements amounted to P1,380,000 in 2018.

Amounts recognized in profit or loss:

	<i>Note</i>	2019	2018
Depreciation expense	24	P9,695,495	P -
Interest expense		9,413,508	-
Rent expense under PAS 17		-	1,380,000

Lease agreements as lessor

- A. The Parent Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a financing lease. This agreement is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties

Amounts receivable under finance lease	2019
Year 1	P22,176,000
Year 2	22,545,600
Year 3	23,284,800
Year 4	23,672,896
Year 5	24,449,088
Onwards	207,876,416
Undiscounted lease payments	324,004,800
Present value of minimum lease payments receivable	P241,562,399

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Amounts recognized in profit or loss:

	<i>Note</i>	<b>2019</b>
Interest income	22	<b>P10,405,989</b>

- B. The Group entered into short-term lease agreements including condominium units, office spaces and food plaza spaces. The lease contracts between the Group and its lessees have a term of one year which are renewable annually.

Total rental income earned during 2019, 2018 and 2017 amounted to P50.85 million, P102.12 million and P47.05 million, respectively.

Deferred rental income classified under other non-current liabilities amounting to P41 million and P38 million as of December 31, 2019 and 2018, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P21,070,902 and P16,589,745 in 2019 and 2018, respectively, and is included as part of trade and other payables as disclosed in Note 14.

**14. Trade and Other Payables**

This account consists of:

	<i>Note</i>	<b>2019</b>	<b>2018</b>
Trade payables		<b>P120,965,637</b>	P119,833,572
Customers' deposits		<b>77,534,329</b>	53,797,689
Accrued expenses		<b>64,397,632</b>	36,783,698
Retention fees payable		<b>56,012,941</b>	90,701,060
Refundable deposits	13	<b>21,070,902</b>	16,589,745
Due to government agencies		<b>19,356,761</b>	7,049,380
Output value added tax – net		<b>914</b>	443,583
Payable to ULC	19	<b>-</b>	231,150,000
Others		<b>123,719</b>	28,972,835
		<b>P359,462,835</b>	P585,321,562

Non-current portion of trade and other payables amounted to P120,758,909 and P176,447,232 as at December 31, 2019 and 2018, respectively.

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium unit sold received from each customer which are deductible from the total contract price.

Accrued expenses consist of unpaid liabilities on outside services, insurance, supplies and other expenses.

Retention fees payable pertain to retention fees withheld from the contractors of ongoing and completed projects.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and Philhealth.

Others consist of refunds payable, commissions payable and unearned rent income.

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**15. Unearned Income**

The Parent Company has an on-going project called the Andrea North SkyVillas Tower ("SkyVillas"). SkyVillas started construction in 2011 and is 99.96% and 99.96% complete as at December 31, 2019 and 2018, respectively.

Details of unearned income are as follows:

	2019	2018
<b>SkyVillas Tower</b>		
Total sales value of completed units	P3,239,107,500	P2,249,382,467
Percentage uncompleted	.04%	.04%
	<b>P1,295,643</b>	<b>P899,787</b>

**16. Loans and Note Payable**

Loans Payable

The movements in the loans payable are summarized as follows:

	2019	2018
Balance at beginning of year	P660,679,049	P856,821,163
Availments of loan	857,071,000	9,287,000
Payments of principal	(365,925,089)	(205,429,114)
Balance at end of year	<b>P1,151,824,960</b>	<b>P660,679,049</b>

Interest on loans payable amounted to P7,331,220, P8,474,222 and P9,547,530 as at December 31, 2019, 2018 and 2017, respectively. Interest on loans payable capitalized as part of real estate inventories amounted to P64,554,325 and P39,396,279 in 2019 and 2018, respectively.

The account is composed of the following:

	2019	2018
Payable within one year:		
Philippine National Bank	P350,000,000	P -
Philippine Bank of Communications	122,520,371	111,111,111
Maybank Philippines, Inc.	-	154,309,213
Union Bank of the Philippines	5,206,899	3,762,535
RCBC Savings Bank	2,962,245	2,713,229
	<b>480,689,515</b>	<b>271,896,088</b>
Payable after one year:		
Philippine Bank of Communications	654,295,652	304,355,555
Maybank Philippines, Inc.	-	14,561,586
Meridian Assurance Corporation	-	50,000,000
Union Bank of the Philippines	11,303,778	11,368,274
RCBC Savings Bank	5,536,015	8,497,546
	<b>671,135,445</b>	<b>388,782,961</b>
	<b>P1,151,824,960</b>	<b>P660,679,049</b>

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Maybank Philippines, Inc. (Maybank)

In 2015, the Parent Company availed loans from Maybank with total principal amount of P75.51 million. These loans bear 6% interest and are secured by certain accounts receivable of the Parent Company with total carrying value of P11.9 million as at December 31, 2018 (see Note 6).

In 2016, the Parent Company entered into a loan and hold-out agreement with Maybank. In April 2016, Maybank approved a P150 million credit line under which the Parent Company drew down P80 million in April 2016 and P70 million in May 2016. These loans are payable three (3) years from date of drawdown. These loans bear 3.75% interest rate, payable monthly in arrears and secured by hold-out rights in favor of Maybank over the time deposit covering the total amount of P150 million maintained by GPI in Maybank Ortigas Branch.

This loan has been fully paid as at December 31, 2019.

Meridian Assurance Corporation (MAC)

On July 29, 2016 and August 5, 2016, the Parent Company entered into an unregistered real estate mortgage with Meridian Assurance Corporation. Loans from Meridian Assurance Corporation bear 12% interest and are secured by unregistered mortgage on certain inventories of the Parent Company. The properties have a total cost of P83.67 million as at December 31, 2018.

This loan has been fully paid as at December 31, 2019.

Union Bank of the Philippines (UBP)

In July 2016, the Parent Company availed car loans from Union Bank which bears 9.11% interest and is payable in installment over sixty (60) months. These loans are secured by certain transportation equipment of the Group (see Note 12).

RCBC Savings Bank (RCBC)

In July 2017, the Parent Company availed car loans from RCBC Savings Bank which bear 8.72% interest and are payable in installment over sixty (60) months. These loans are secured by certain transportation equipment of the Group (see Note 12).

Philippine Bank of Communications (PBCom)

In 2017, the Parent Company entered into a bridge funding agreement with PBCom. PBCom approved a P500 million credit line under which the Parent Company drew down P500 million in September 2017. These loans are payable within five (5) years from date of drawdown. These loans bear 6% interest rate, payable quarterly in arrears and secured by certain condominium units and other properties mortgaged in favor of PBCom with total carrying amount of P2.1 billion as at December 31, 2019.

Philippine National Bank (PNB)

In 2019, the Parent Company availed working capital loans from Philippine National Bank with a total principal amount of P800 million, of which P350 million are outstanding as at December 31, 2019. These loans bear an interest of 7.5% annually and payable within three (3) months subject to extension upon lapse of the maturity date. Interest rates will then be re-evaluated to conform with the current period's rate. These loans are secured by real estate properties with the carrying amount of P135.3 million. (See Note 7)

Note Payable

RCBC Savings Bank

In 2019, PPMI availed of a five-year note payable amounting to P3,744,000 from a local bank to finance the purchase of transportation equipment. The note carries interest at 11.04% per annum. The loan was obtained in February 2019 and will mature in February 2024. Outstanding balance of loan as at December 31, 2019 amounted to P3,261,341. As at December 31, 2019, the note payable - current portion amounted to P968,952.

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Interest expense charged to profit or loss amounted to P324,801 in 2019.

**17. Related Party Transactions**

The details of related party transactions and balances are as follows:

<b>As at and for the year ended December 31, 2019:</b>	<b>Transactions</b>	<b>Outstanding balance</b>	<b>Terms and conditions</b>
<i>Sale of real estate inventories</i>			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment; and payable monthly in two (2) years.
Principal Shareholder Greenhills Properties, Inc.			
Sale of real estate inventories	P -		
Collections during the year	39,556,687	P125,755,734	
Gain on repossession of asset	4,912,075	-	
<i>Purchase of services</i>			Purchase of services are negotiated with related parties on a cost-plus basis and are due 30 days after the end of the month. These receivables are unsecured and bear no interest and settled in cash.
Subsidiary Tektite Insurance Brokers, Inc.			
Purchase of services	5,725,628		
Payments during the year	(5,725,628)	-	
PRHC Property Managers, Inc.			
Purchase of services	-		
Payments during the year	(79,254)	-	
<i>Advances</i>			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	19,955	122,248	
Meridian Assurance Corp. Associate	-	(643)	
Less: Allowance for impairment loss	(66,808,746)	(237,012,851)	
Balance, net	(66,788,791)	104,473,481	
<i>Loans payable</i>			
Associate Meridian Assurance Corp.			
Payments during the year	(50,000,000)	-	See Note 16.
<i>Key management personnel</i>			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement
Short-term benefits			
Salaries and other short- term employee benefits	15,894,348	-	
Termination benefits	-	-	
Provision for retirement benefits/PVO	6,268,941	-	



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As at and for the year ended December 31, 2018:	Transactions	Outstanding balance	Terms and conditions
<i>Sale of real estate inventories</i>			Sales of condominium units to related parties are based on the price list in force and terms that would be available to third parties. The receivables are secured; and payable monthly in two (2) years.
Principal Shareholder Greenhills Properties, Inc.			
Sale of real estate inventories	P26,440,748		
Collections during the year	(122,590,634)	P165,312,421	
<i>Sale of service</i>			Sales of services are negotiated with related parties on a cost-plus basis.
Principal Shareholder Greenhills Properties, Inc.			The receivables are due 30 days after every end of the month. The receivables are unsecured and bear no interest.
Management services Collections	1,106,057 (1,106,057)	-	
<i>Advances (Associates)</i>			Advances are unsecured, non-interest bearing and settled in cash.
Alexandra (USA), Inc.	-	132,417,765	
Le Cheval Holdings, Inc.	21,058	102,293	
Meridian Assurance Corporation	-	(643)	
Less: Allowance for impairment loss	-	(132,417,765)	
Balance, net	21,058	101,650	
<i>Loans payable</i>			
Principal Shareholder Greenhills Properties, Inc.			See Note 16
Availment of loan Payments during the year	107,845,898	-	
Associate Meridian Assurance Corp.			See Note 16
Availment of loan Payments during the year	- -	50,000,000	
<i>Key management personnel</i>			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	39,800,315		
Termination benefits			
Provision for retirement benefits/PVO	5,638,264		

*Management Services*

The Group provides general management services and financial management and supervision over the janitorial and security services for the efficient administration of the properties of GPI, the ultimate parent company, and third parties, collectively referred herein as property owners. In consideration for said services, the Group charges the property owners a fixed monthly amount, with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both the Group and the property owners.

*Advances to (from) related parties*

The Parent Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with

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the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. With the imminent liquidation of AUI, the receivables have been fully provided with an allowance since 2011.

**18. Retirement Benefit Plans**

The Parent Company and TIBI operate funded, non-contributory defined benefit retirement plans covering substantially all of their regular employees. The plans are administered by local banks as trustee and provide for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

PPMI has an unfunded, noncontributory defined benefit retirement plan.

Through their defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- *Inflation risk* - Some of the Group retirement obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 14, 2020 for the year ended December 31, 2019. The present values of the defined benefit obligations, the related current service costs and past service costs were measured using the Projected Unit Credit Method.

Key assumptions used for the Parent Company:

	Valuation at	
	2019	2018
Discount rate	5.00%	7.38%
Future salary increase	4.00%	4.00%

Key assumptions used for PPMI:

	Valuation at	
	2019	2018
Discount rate	5.22%	7.53%
Future salary increase	6.00%	6.00%

Key assumptions used for TIBI:

	Valuation at	
	2019	2018
Discount rate	5.80%	5.80%
Future salary increase	5.00%	5.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

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The reconciliation of the present value of the defined benefit obligation (PVO) and the fair value of the plan assets to the recognized liability presented as accrued retirement liability in the consolidated statements of financial position is as follows:

	2019	2018
Present value of defined benefit obligation	<b>P87,327,537</b>	P56,239,182
Fair value of plan assets	<b>32,006,878</b>	30,839,705
Recognized liability	<b>P55,320,659</b>	P25,399,477

The movements in the present value of defined benefit obligation are shown below:

	2019	2018
Liability at beginning of year	<b>P56,239,182</b>	P56,460,438
Current service cost	<b>7,574,137</b>	9,524,942
Interest cost	<b>3,542,455</b>	3,233,966
Benefits paid	<b>(432,000)</b>	(395,000)
Remeasurement losses (gains)		
Changes based on experience	<b>3,050,851</b>	382,752
Changes in demographic assumptions	-	(3,622,874)
Changes in financial assumptions	<b>17,352,912</b>	(9,345,042)
Liability at end of year	<b>P87,327,537</b>	P56,239,182

The movements in the plan assets are shown below:

	2019	2018
Fair value of plan assets at beginning of year	<b>P30,839,705</b>	P25,549,398
Interest income	<b>2,176,054</b>	1,750,553
Contributions of the employers to the plans	-	4,500,000
Remeasurement loss		
Return on plan assets, excluding amounts included in interest income	<b>(1,008,881)</b>	(960,246)
Fair value of plan assets at end of year	<b>P32,006,878</b>	P30,839,705

The Group expects to contribute P11,141,563 to the retirement fund in 2019.

The major category of plan assets as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	<b>P22,942,530</b>	P22,204,588
Equity instruments	<b>9,064,348</b>	8,635,117
	<b>P32,006,878</b>	P30,839,705

The retirement expense recognized in profit or loss consists of:

	2019	2018	2017
Current service cost	<b>P7,574,137</b>	P9,524,942	P7,632,425
Net interest on defined benefit liability	<b>1,366,401</b>	1,483,413	2,252,781
Past service cost	-	-	-
	<b>P8,940,538</b>	P11,008,355	P9,885,206

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The retirement expense is recognized as part of employees' benefits under operating expenses in the consolidated statements of total comprehensive income.

The sensitivity analysis of the defined benefit obligation is:

	<b>Increase (decrease) in basis points</b>	<b>Effect on defined benefit obligation</b>
Discount rate	1.00% (1.00%)	(P8,368,360) 10,066,518
Future salary increase	1.00% (1.00%)	10,295,978 (8,690,097)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the consolidated statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2019, the weighted average duration of defined benefit obligation is 20.15 years (2018: 20.31 years).

## **19. Provisions and Contingencies**

### Parent Company

In 1998, the Parent Company sued Universal Leisure Corporation (ULC) for failing to pay the remaining sales price of condominium units. ULC bought the penthouse unit located in the 34<sup>th</sup> floor of the West Tower of the Philippine Stock Exchange Centre and 74 parking slots located at the Podium 3 Parking Level of the West Tower under two Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of P32.5 million and P32.4 million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables of DMCI Project Developers, Inc. (DMCI-PDI) and Universal Rightfield Property Holdings, Inc. (URPHI). These receivables are allegedly owed by the Parent Company to DMCI-PDI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Parent Company, DMCI-PDI and URPHI. The Parent Company was ordered to either (i) deliver to ULC the titles of the condominium units and return to ULC, as assignee of defendants DMCI and URPHI, the amount of P24.7 million or; (ii) to return to ULC the amounts which have been paid including what have been deemed paid over the penthouse unit and the parking spaces, and pay attorney's fees of P600,000. The Parent Company appealed the decision to the Court of Appeals which affirmed the trial court's decision with modification that reduced the attorney's fees from a total of P600,000 to P150,000. During 2011, the Parent Company provided an allowance of P15,507,800 for accounts receivable that are deemed not recoverable from ULC. In December 2012, the Parent Company filed a motion for Reconsideration and the same was denied. Thereafter, the Parent Company filed a Petition for Review on Certiorari with the Supreme Court where the matter resulted to amicable settlement and termination of legal proceedings.

In October 2018, the Parent Company initiated discussions on amicable settlement with ULC offering

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the return of the amounts paid and deemed paid for the penthouse unit and the 74 parking slots in exchange for getting back the said properties. The parties were able to execute a settlement agreement on February 19, 2019, wherein the Parent Company will pay ULC a total amount of P231,000,000, covering the return of the amounts paid/deemed paid by ULC (for itself and as assignee of DMCI-PDI and URPHI) for the penthouse unit located in the 34<sup>th</sup> floor, West Tower of the Philippine Stock Exchange Centre (formerly Tektite Towers) containing a floor area of 2,370 square meters and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the Philippine Stock Exchange Centre which shall all be returned to the Parent Company, plus total legal fees of P150,000 (see Note 14).

With the settlement, ULC allowed the Parent Company to withdraw P18,808,073 from the joint account set-up for the discontinued joint venture project by and among the Company, DMCI-PDI and URPHI (see Note 6). DMCI-PDI and URPHI contributed the funds in the joint venture account. The Parent Company had to reverse the sale transactions it previously booked and reinstated the investment properties returned at their cost of P180.62 million (see Note 11) and had to recognize a net loss on the settlement of P62.07 million (see Note 26).

The Parent Company is also a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Parent Company and its legal counsel, however, believe that final settlement, if any, will not be material to the Parent Company's financial results.

**Subsidiaries**

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 Group's financial position or results of operations.

Accordingly, no provision has been made in the accounts for these lawsuits and claims.

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**20. Management Fees**

The Group provides general management services and financial management and supervision over the janitorial and security services through PPMI. In consideration for the said services, the Group charges the property owners a fixed monthly amount with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners. The Group is entitled to fixed reimbursement of actual cost of the on-site staff. The total income from management fees amounted to P42.9 million, P34.0 million and P30.1 million in 2019, 2018 and 2017, respectively.

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**21. Commission**

The Group's commission income was derived from the following activities:

	2019	2018	2017
Insurance brokerage	P5,727,141	P6,583,300	P5,690,633
Property management	-	-	1,299,460
Others	-	92,726	571,830
	P5,727,141	P6,676,026	P7,561,923

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**22. Interest Income**

The Group's interest income was derived from the following:

	<i>Note</i>	2019	2018	2017
Sublease	13	P10,405,989	P -	P -
Trade receivables	6	2,484,558	1,020,842	879,085
Cash and cash equivalents	3	1,211,762	2,401,445	512,426
Joint arrangement	10	-	-	10,005,694
Others		595,589	152,517	117,869
		<b>P14,697,898</b>	<b>P3,574,804</b>	<b>P11,515,074</b>

Interest income from joint arrangement pertains to the agreed amount of interest due to the late remittance of the quarterly payments as mentioned in Note 10.

**23. Other Income**

The account consists of:

	<i>Note</i>	2019	2018	2017
Gain on fair value adjustment of investment properties	11	P546,695,730	P511,432,937	P354,123,354
Gain on sublease		139,125,678	-	-
Gain on repossession of assets		4,912,075	-	-
Gain on money market investment		1,191,166	-	-
Dividend income	5	716,722	626,337	400,915
Reversal of various payables and accruals		24,484	109,006,274	1,058,516
Reversal of allowance for impairment losses on receivables	6	490	38,141,717	-
Unrealized foreign exchange gain		-	1,809,732	48,897
Miscellaneous		3,706,372	514,941	3,657,032
		<b>P696,372,717</b>	<b>P661,531,938</b>	<b>P359,288,714</b>

**24. Cost of Services**

The account consists of:

	<i>Note</i>	2019	2018	2017
Salaries, wages and other benefits		P26,911,745	P27,803,914	P21,737,674
Condominium dues		11,117,177	9,247,509	14,291,435
Taxes and licenses		10,304,356	6,172,262	5,520,127
Outside services		6,288,051	11,065,543	2,697,552
Utilities		4,238,935	2,892,057	2,254,456
Insurance and bond premiums		3,127,328	2,270,615	1,939,127
Repairs and maintenance		2,377,622	1,226,447	2,072,631
Commission		1,785,976	864,270	1,186,819
SSS, Pag-IBIG and other contributions		1,717,588	1,298,923	1,086,044

*Forward*

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	<i>Note</i>	2019	2018	2017
Supplies and materials		<b>P1,182,353</b>	P1,463,359	P927,596
Rental		<b>546,389</b>	663,572	516,937
Employees welfare		<b>227,813</b>	1,944,651	1,921,456
Depreciation and amortization				
Property and equipment	12	-	68,195	584,210
Investment properties	11	-	-	10,949,120
Transportation and travel		-	25,648	34,800
Others		<b>2,376,492</b>	3,484,214	2,602,510
		<b>P72,201,825</b>	P70,491,179	P70,322,494

**25. General and Administrative Expenses**

The account consists of:

	<i>Note</i>	2019	2018	2017
Marketing expense		<b>P164,028,600</b>	P194,616,920	P86,524,655
Provision for impairment loss on trade receivables	6	<b>80,758,365</b>	26,262,781	1,576,440
Salaries, wages, and benefits		<b>74,824,822</b>	61,310,140	57,915,644
Taxes and licenses		<b>56,292,444</b>	40,926,242	12,769,446
Professional fees		<b>19,684,880</b>	27,994,929	25,749,694
Provision for impairment loss on property and equipment	12	<b>19,406,340</b>	-	-
Depreciation and amortization				
Property and equipment	12	<b>16,502,234</b>	13,410,703	10,699,770
ROU Asset		<b>9,695,495</b>	-	-
Investment properties	11	-	-	4,083,075
SSS, Pag-IBIG, Medicare and other benefits		<b>15,894,347</b>	11,202,768	5,583,071
Transportation and travel		<b>13,652,839</b>	35,247,324	42,400,956
Provision for retirement benefits	18	<b>8,940,538</b>	11,008,355	9,885,206
Insurance and bond premiums		<b>8,488,329</b>	11,108,663	8,389,155
Condominium dues		<b>5,692,247</b>	11,826,094	3,012,019
Outside services		<b>5,095,746</b>	6,974,218	6,366,142
Utilities		<b>2,161,708</b>	2,459,768	2,421,130
Postage and communication		<b>1,588,988</b>	1,920,092	1,713,373
Representation and entertainment		<b>167,868</b>	17,738,010	25,800,335
Supplies and materials		<b>144,293</b>	141,468	196,821
Repairs and maintenance		<b>140,291</b>	144,552	132,698
Membership dues		<b>108,850</b>	-	2,600
Rent expense		<b>86,844</b>	-	-
Corporate social responsibility		<b>5,625</b>	869,372	763,005
Impairment loss on other assets		-	16,637,343	-
Write-off of trade receivables	6	-	-	1,576,440
Miscellaneous		<b>9,016,653</b>	14,742,204	11,012,328
		<b>P512,378,346</b>	P506,541,946	P318,574,003

Miscellaneous expenses include PSE fees, trainings and seminars, donations and contributions, and various petty expenses.

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**26. Other Expenses**

The account consists of:

	<i>Note</i>	2019	2018	2017
Foreign exchange loss		<b>P403,017</b>	P -	P161,501
Bank charges		<b>206,995</b>	372,073	707,777
Loss on settlement of lawsuit	19	-	62,066,927	-
Loss on money market investment		-	886,578	-
Loss on disposal of property and equipment		-	308,313	-
Others		<b>1,638</b>	89	1,424,301
		<b>P611,650</b>	P63,633,980	P2,293,579

Others pertain to various individually insignificant expenses.

**27. Income Taxes**

The components of income tax expense are as follows:

	2019	2018	2017
Current	<b>P18,780,222</b>	P15,037,882	P8,808,783
Deferred	<b>193,447,090</b>	163,802,340	120,981,600
	<b>P212,227,312</b>	P178,840,222	P129,790,383

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the consolidated statements of total comprehensive income is as follows:

	2019	2018	2017
Income before income tax	<b>P697,116,425</b>	P569,774,005	P392,300,529
Income tax expense	<b>209,134,927</b>	170,932,203	117,690,159
Additions to (reductions in) income tax resulting from the tax effects of:			
Non-deductible expenses	<b>43,844,881</b>	24,771,866	4,707,481
Impairment loss on trade and other receivables and advances to associates	-	7,500,598	-
Limit on interest expense	<b>132,600</b>	126,329	58,425
Movement on unrecognized deferred tax assets	<b>(38,547,350)</b>	(12,570,995)	19,340,628
Gain on changes in fair value of investment property of a subsidiary	<b>(1,759,200)</b>	(248,400)	(5,200,248)
Interest income subjected to final tax	<b>(363,529)</b>	(329,723)	(153,728)
Dividend income	<b>(215,017)</b>	(187,901)	(120,274)
Reversal of accruals and payables	-	(11,153,755)	-
Gain on sale of shares of stocks	-	-	(5,761,798)
Unrealized gain on trading investments	-	-	(770,262)
	<b>P212,227,312</b>	P178,840,222	P129,790,383



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The Group is subject to either the 30% regular income tax or 2% minimum corporate income tax (MCIT), whichever is higher. The excess MCIT over the regular income tax shall be carried forward and applied against the regular income tax due for the next three consecutive taxable years.

The details of the Group's MCIT are as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2019	2022	P490	P -	P -	P490
2018	2021	13,207,512	(13,195,348)	-	12,164
2017	2020	7,817,719	(7,817,719)	-	-
2016	2019	6,979,694	(6,979,694)	-	-
		<b>P28,005,415</b>	<b>(P27,992,761)</b>	<b>P -</b>	<b>P12,654</b>

The details of the Group's NOLCO are as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2019	2022	P169,635	P -	P -	P169,635
2018	2021	2,908,601	-	-	2,908,601
2017	2020	38,457,992	(37,129,988)	-	1,328,004
2016	2019	27,238,477	(1,196,510)	(26,041,967)	-
		<b>P68,774,705</b>	<b>(P38,326,498)</b>	<b>(P26,041,967)</b>	<b>P4,406,240</b>

The components of the net deferred income tax assets and liabilities recognized by the Group are as follows:

	2019		2018	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Deferred tax assets:				
Provision for retirement benefits	P53,686,693	P16,106,008	P23,765,513	P7,129,654
Deferred rent income	41,552,793	12,465,838	38,051,067	11,415,320
Impairment loss on receivables	600,407	180,122	600,407	180,122
Unrealized foreign exchange loss	381,073	114,322	-	-
Rent expense derecognized due to PFRS 16	1,859,500	557,850	-	-
	<b>98,080,466</b>	<b>29,424,140</b>	<b>62,416,987</b>	<b>18,725,096</b>
Deferred tax liabilities:				
Gain on fair value adjustment of investment properties	1,388,225,860	416,467,758	847,394,133	254,218,240
Gain on sublease	134,579,163	40,373,749	-	-
Unrealized foreign exchange gain	4,912,073	1,473,622	1,878,733	563,620
Accrued rent receivable	248,343	74,503	21,833,700	6,550,110
	<b>1,527,965,439</b>	<b>458,389,632</b>	<b>871,106,566</b>	<b>261,331,970</b>
	<b>(P1,429,884,973)</b>	<b>(P428,965,492)</b>	<b>(P808,689,579)</b>	<b>(P242,606,874)</b>

The recognized deferred tax assets were from the Parent Company and PPMI.

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The Group's unrecognized deferred tax assets pertain to the following:

	2019		2018	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Allowance for impairment loss on receivables	P336,960,047	P101,088,014	P21,082,642	P6,324,792
Allowance for impairment loss on investments in subsidiaries and associates	19,918,197	5,975,459	19,918,196	5,975,459
Net operating loss carry-over	1,835,663	550,699	66,958,338	20,087,501
Allowance for impairment loss on advances to associates	199,473	59,842	170,204,107	51,061,232
Accrued retirement benefit expense			-	-
MCIT	12,164	12,164	27,789,196	27,789,196
	P358,925,544	P107,686,178	P305,952,479	P111,238,180

The deferred tax assets have not been recognized in respect of the above items because it is not probable that sufficient future profit will be available against which the Company can utilize the benefits there from.

**28. Capital and Treasury Stock**

Movements in the Company's capital stock are as follows:

	2019	2018	2017
<b>Authorized</b>			
8,000,000,000 common shares at P0.50 par value	P4,000,000,000	P4,000,000,000	P4,000,000,000
<b>Issued and outstanding</b>			
3,688,869,745 shares	1,844,434,873	1,844,434,873	1,844,434,873
<b>Subscribed</b>			
1,314,711,262 shares	657,355,632	657,355,632	657,355,632
Subscriptions receivable			
Beginning balance	(157,592,010)	(157,592,010)	(157,592,010)
Collection	27,750	-	-
	499,791,372	499,763,622	499,763,622
<b>Total Capital Stock</b>	<b>2,344,226,245</b>	<b>2,344,198,495</b>	<b>2,344,198,495</b>
<b>Additional paid-in capital</b>	<b>557,014,317</b>	<b>557,014,317</b>	<b>557,014,317</b>
	<b>P2,901,240,562</b>	<b>P2,901,212,812</b>	<b>P2,901,212,812</b>
<b>Treasury stock</b>	<b>P110,049,633</b>	<b>P109,712,439</b>	<b>P160,904,214</b>

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**29. Reserves**

This account consists of:

	<i>Note</i>	2019	2018	2017
Appropriated retained earnings for:				
Treasury stock acquisitions				
Balance at beginning of year		P109,712,439	P250,000,000	P250,000,000
Movements during the year		-	(140,287,561)	-
Balance at end of year		109,712,439	109,712,439	250,000,000
Revaluation on FVOCI				
Balance at beginning of year		(20,349,330)	(24,132,038)	(49,471,316)
Effect of adoption of PFRS 9	5	-	17,308,119	-
Disposal		-	1,924,192	-
Movements during the year		(5,639,548)	(15,449,604)	25,339,278
Balance at end of year		(25,988,878)	(20,349,330)	(24,132,038)
Remeasurement loss on retirement benefit obligation				
Balance at beginning of year		(22,660,995)	(30,798,439)	(23,248,754)
Movements during the year - gross		5,307,938	11,624,918	(10,785,264)
Movements during the year - tax		(19,994,388)	(3,487,474)	3,235,579
Balance at end of year		(37,347,445)	(22,660,993)	(30,798,439)
Others		-	238,062	238,062
		P46,376,118	P66,940,178	P195,307,585

The Parent Company's appropriated retained earnings amounting to P250,000,000 was allocated for the Parent Company's treasury stock acquisitions. On May 29, 2018, the Board of Directors approved the release of P140,287,561 from the appropriated retained earnings.

**30. Non-controlling Interest**

	2019	2018
UTC		
January 1	P2,041,917	P2,172,512
Share in net loss	(5,642)	(130,595)
December 31	2,036,275	2,041,917
Share in reserves		
Unrealized holding gain (loss) on valuation of FVOCI		
January 1	-	(3,488,312)
Disposal	-	3,488,312
Unrealized holding loss	-	-
December 31	-	-
	P2,036,275	P2,041,917

*Forward*

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	2019	2018
<b>Recon-X Energy Corporation</b>		
January 1	(P7,208,594)	(P5,640,359)
Share in net loss	(10,822,153)	(1,568,235)
December 31	(18,030,747)	(7,208,594)
	(P15,994,472)	(P5,166,677)

**31. Earnings Per Share**

	2019	2018	2017
Net income attributable to equity holders of Parent Company	P495,717,398	P392,632,613	P264,361,753
Weighted average no. of common shares issued and outstanding	4,877,907,002	4,877,907,002	4,877,907,002
Income per share	P0.10	P0.08	P0.05

The weighted average number of common shares was computed as follows:

	2019	2018	2017
Issued and outstanding shares	3,688,869,745	3,688,869,745	3,688,869,745
Subscribed shares	1,314,711,262	1,314,711,262	1,314,711,262
Treasury shares	(125,674,005)	(125,674,005)	(125,674,005)
Average number of shares	4,877,907,002	4,877,907,002	4,877,907,002

The Group has no potential dilutive shares as at December 31, 2019, 2018 and 2017.

**32. Significant Accounting Policies**

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted in the preparation of the separate financial statements are consistent with those of the previous financial year, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2019. The following standards did not have a significant effect on the financial statements unless otherwise stated.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*. Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.
- PFRS 16, *Leases*. PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the

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commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted PFRS 16 using the modified retrospective method effective January 01, 2019 and has not restated comparative information. The Company elected to apply the method to only those that were not completed at the date of initial recognition (see Note 13)

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*. The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*. The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

- *Annual Improvements to PFRSs 2015-2017 Cycle*

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*. The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*. The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.
- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. However, the implementation of the said amendment is deferred until December 31, 2020 as per SEC Memorandum circular no. 4.

*Philippine Interpretations Committee Question and Answers (PIC Q&As) Effective January 1, 2019*

- PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects PFRS 17*.

This Q&A aims to provide guidance on the following:

- How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and
- How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

- PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

This Q&A aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

- PIC Q&A No. 2019-12, *Determining the lease term under PFRS 16, Leases*

This Q&A aims to provide guidance in determining the lease term under the new lease standard. Such exercise may require significant judgment especially when the lease agreement contains an

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option to either extend or terminate the lease.

- PIC Q&A No. 2019-12, *Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

This Q&A is a supplement to PIC Q&A 2019-12, providing guidance on determining the lease term under PFRS 16. This focuses on lease contracts that are renewable subject to mutual agreement of the parties.

*New Standard Effective January 1, 2019 but Not Applicable to the Group*

- PFRS 17, *Insurance Contracts*

*Effective beginning on or after January 1, 2020*

- Amendments to PFRS 3, *Definition of a Business*. The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*. The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

The Group is currently assessing the impact of adopting these amendments.

*Deferred Effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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The Group is currently assessing the impact of adopting these amendments.

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements except accounting policy for leases.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company, the subsidiaries, up to December 31 each year. Details of the subsidiaries are shown in Note 37.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, are eliminated.

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired i.e. discount on acquisition is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company.

Acquisition-related costs are expensed as incurred.

#### *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### *Associates and joint ventures*

An associate is an entity over which the Parent Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. The investment is initially recognized at cost. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is



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excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Parent Company's share in the net assets of the investee companies, less any impairment losses. The consolidated statements of total comprehensive income reflect the share of the results of the operations of the investee companies. The Parent Company's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Parent Company and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

**Business Combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

**Segment Information**

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 37 to the financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the financial statements. There have been no changes in the measurement methods used to

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determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

For management purposes, the Group is currently organized into five business segments. These divisions are the basis on which the Group reports its primary segment formation.

The Group's principal business segments are as follows:

- a. Sale of Real Estate and Leasing
- b. Property Management
- c. Insurance Brokerage
- d. Holding Company
- e. Travel Services

The Group's resources producing revenues are all located in the Philippines. Therefore, geographical segment information is not presented.

**Cash and Cash Equivalents**

Cash includes cash on hand and in banks and is stated at its face value. Cash in banks earns interest at the prevailing interest rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

**Financial Assets and Liabilities**

***Financial Assets***

***Recognition***

Financial assets or a financial liability are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Financial assets are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified as at fair value through profit or loss. Subsequently, financial assets are recognized either at fair value or at amortized cost.

***Classification***

The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

***Financial Assets at Amortized Cost.*** A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Group's cash and cash equivalents, trade and other receivables and advances to associates are included under this category.

*Financial Assets at FVOCI (equity instruments).* Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Group's investments in equity instruments at FVPL are classified under this category.

*Impairment*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables and a vintage analysis for trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the external independent ratings to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

*Determining the stage for impairment*

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

*Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of

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ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables (except for payables to government), other non-current liabilities and loans payable.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of total comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to loans payable.

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*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Real Estate Inventories

Property acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs to sell.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Group's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment

Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

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Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5

The assets' residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

***Derecognition***

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**Investment Properties**

Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

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*Derecognition*

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between participants at measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's Board of Directors.



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*Capital stock*

Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

*Additional paid-in capital*

Additional paid-in capital pertains to premium paid over the par value of shares.

*Retained earnings (deficit)*

Retained earnings (deficit) include all the accumulated income (loss) of the Group, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

*Treasury stock*

The Parent Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of total comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

*Short-term benefits*

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

*Post-employment benefits*

The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

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The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

Revenue from contracts with customers

*Revenue from real estate sales*

The Parent Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 33.

The Parent Company derives its real estate revenue from sale of condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

The Group also derives its revenue from management fee, commission, rental and interest income for which the Group assessed that there is only one performance obligation. Revenue from contracts with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

*Management fee*

Management fee is recognized when the related services have been performed in accordance with the terms and conditions of the management agreement and applicable policies.

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*Commission income*

Commission income is recognized when the real estate brokering services have been performed in accordance with the terms and conditions of the agreement, commission scheme and applicable policies. Commission income recognized is the amount earned as an agent and excludes amounts collected on behalf of the principal.

*Interest income*

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

*Rental income*

Rent income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

*Miscellaneous income*

Miscellaneous income is recognized when earned.

*Cost recognition from real estate sales*

Cost of real estate sales is recognized consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Parent Company's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statements of financial position as an asset.

Cost and expenses in the consolidated statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Group.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they were

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incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The Group has applied PFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under PAS 17. The details of accounting policies under both PAS 17 and IFRS 16 are presented separately below.

*Policies effective 1 January 2019*

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position. The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies PFRS 15 to allocate the consideration under the contract to each component.

***Policies effective prior to 1 January 2019***

Leases

*Group as Lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the separate statements of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

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*Group as Lessor*

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the separate statements of total comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions and Translation

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Income Tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a consolidated asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

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The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

*Basic earnings per share*

The Group computes its basic earnings per share by dividing net profit or loss attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period.

*Diluted earnings per share*

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date

The Group identifies events after the reporting date as events that occurred after the reporting date but before the date the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

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**33. Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Revenue and cost recognition on real estate projects*

The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate and construction contracts is recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical

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proportion of the contract work. Apart from involving significant estimates in determining the quantity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

*Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses historical loss rates as input to assess credit risk characteristics. The Group determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 6 and 35.

*Estimating useful lives of assets*

The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease non-current assets.

*Evaluation of net realizable value of real estate inventories*

The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for impairment of inventories as at December 31, 2019 and 2018.



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*Revenue recognition*

When a contract for the sale of a property upon completion of construction is judged to be a construction contract, revenue is recognized using the percentage-of-completion method as construction progresses. The Group considers the terms and conditions of the contract, including how the contract was negotiated and the structural elements that the customer specifies when identifying individual projects as construction contracts. The percentage of completion is estimated by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

The Group assesses its revenue arrangements to determine if it is a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards with the sales transactions or rendering of services. The Group is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sales transactions or rendering of services.

*Post-employment and other employee benefits*

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

Retirement obligation as at December 31, 2019 and 2018 amounted to P55,320,659 and P25,399,477, respectively.

*Estimating fair value of investment property*

The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Group's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

*Recoverability of deferred tax assets*

The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax assets.

Total unrecognized deferred tax assets amounted to P107,686,178 and P111,238,180 as at 2019 and 2018, respectively (See Note 27).

*Impairment losses on non-financial assets*

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of non-financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the

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Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

Critical Accounting Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

*Existence of a contract*

The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

*Definition of default and credit-impaired financial assets*

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets unlikelihood to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent
- b. The customer is in breach of financial covenant(s)
- c. An active market for that financial assets has disappeared because of financial difficulties
- d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

*Incorporation of forward-looking information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

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To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

*Revenue recognition method and measure of progress*

The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

*Distinction between investment properties and owner-occupied properties and real estate inventories and held for development*

The Group determines whether a property qualifies as investment property. In making this judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

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The Group determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Group's strategic land activities for development in the medium or long-term.

*Contingencies*

The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

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**34. Fair Value Measurement**

The fair values of the Group's financial instruments are equal to the carrying amounts in the consolidated financial position as at December 31, 2019 and 2018.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the financial statements specific to that asset or liability.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

*Cash and cash equivalents, trade and other receivables and advances to associates* – carrying amounts approximate fair values due to the relatively short-term maturities of these items.

*Trade and other receivables* carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

*Financial assets at FVPL and FVOCI* – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

*Trade and other payables* – the carrying value of trade and other payables and loans payable - current approximate its fair value either because of the short-term nature of these financial liabilities or effect of discounting is immaterial.

*Loans payable* – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

The table below analyzes financial and non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

**December 31, 2019**

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
Financial assets at FVOCI				
Equity investments	35,693,930	-	-	35,693,930

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December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
AFS financial assets				
Equity investments	41,333,478	-	-	41,333,478

**35. Financial Risk Management Objectives and Policies**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. 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.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

*Foreign exchange risk*

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. 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.

The amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2019		2018	
	US dollar Deposit	Peso Equivalent	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	\$362,825	P18,411,180	\$94,159	P4,964,439

The closing rates applicable as at December 31, 2019 and 2018 are P50.744 and P52.724 to US\$1, respectively.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their peso translation at the period end for a 4% change in foreign currency rates. A 4% weakening of Philippine peso against the US dollar will have an increase in net income amounting to

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P736,447 and P198,578 in 2019 and 2018, respectively. For a 4% strengthening of the Philippine peso against the US dollar, there would be an equal and opposite impact on the net income/loss.

*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. The interest rates on cash and cash equivalents and loans payable are disclosed in Notes 3 and 16, respectively.

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.

Based on the sensitivity performed the impact on profit or loss of a 10% increase/decrease on interest rates on cash and cash equivalents and loans payable would be a maximum increase/decrease for 2019 and 2018 as follows:

	2019	2018
Cash and cash equivalents	P121,176	P240,145
Loans payable	733,122	847,422

*Price risk*

Price risk is the risk that the fair value of the financial instrument particularly 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 Parent Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2019, the impact of 10% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of P597.7 thousand and P5.2 million for 2019 and 2018, respectively in the Group's total comprehensive income and equity for the year. The Group's sensitivity analysis takes into account the historical performance of the stock market.

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's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables as disclosed in Notes 3 and 6, respectively. The Group has adopted stringent procedure 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 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 Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group'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 and auto-debit arrangements. 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 Group's security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group 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 FVPL, financial assets at FVOCI and advances to subsidiaries and associates. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank 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 Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2019	2018
Cash and cash equivalents excluding cash on hand	<b>P217,626,320</b>	P78,420,791
Trade and other receivables	<b>1,625,188,417</b>	1,272,199,699
	<b>P1,842,814,737</b>	P1,350,620,490

The credit quality of financial assets which are neither past due nor impaired is discussed below:

*(a) Cash in banks and cash equivalents*

The Group deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P217,626,320 and P78,420,791 as at December 31, 2019 and 2018, respectively. Cash deposits are considered to be of high grade.

*(b) Trade and other receivables*

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

	Grade A	Grade B	Total
<b>2019</b>			
Trade and other receivables	<b>P1,379,678,190</b>	<b>P22,476,125</b>	<b>P1,402,154,315</b>
<b>2018</b>			
Trade and other receivables	P572,575,744	P288,885,879	P861,461,623

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- "Grade A"  
This includes financial assets pertaining to those assets held by either the government, counterparties with good credit standing, related parties or loans and receivables that are consistently paid before the maturity date
- "Grade B"  
This includes receivables that are past due but are still collectible within 12 months.

As at December 31, 2019 and 2018, trade and other receivables of P132,110,815 and P437,246,827, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these receivables is as follows:

	More than 90 days	More than one year	Total
<b>2019</b>			
Trade and other receivables	P12,711,701	P119,399,114	P132,110,815
<b>2018</b>			
Trade and other receivables	P178,311,906	P258,934,921	P437,246,827

As at December 31, 2019 and 2018, trade and other receivables of P106,688,269 and P26,564,137, respectively, were impaired and provided for. Provision for impairment loss recognized in 2019 is P80,758,365. It was assessed that a portion of the receivables is expected to be recovered. The aging of these receivables is as follows:

	More than 90 days	More than one year	Total
<b>2019</b>			
Trade and other receivables	P -	P106,688,269	P106,688,269
<b>2018</b>			
Trade and other receivables	P -	P26,564,137	P26,564,137

The condominium certificates of the title remain in the possession of the Parent Company until full payment has been made by the customers, thus no significant credit risk was assessed for trade receivables.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2019 and 2018, the exposure at default amounts to P359 million and P670.98 million, respectively. The expected credit loss rate is 6% and 3.86% that resulted in the ECL of P20.3 million and P25.9 million as of December 31, 2019 and 2018, respectively.

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve



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borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Carrying Amount	Contractual Obligation			Total
		Less than One Year	One to Five Years	More than Five Years	
<b>2019</b>					
			(In Thousand Pesos)		
Trade and other payables*	P340,106	P218,745	P121,361	P -	P340,106
Loans and notes payable	1,155,086	571,730	730,097	-	1,301,827
<b>2018</b>					
			(In Thousand Pesos)		
Trade and other payables*	P577,829	P501,787	P76,042	P -	P577,829
Loans payable	660,679	232,222	388,295	488,198	1,108,715

\*excluding payables to government

### 36. Capital Management

The Parent Company manages its capital to ensure that the Parent Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Parent Company consists of equity, which comprises of issued capital, additional paid-in capital, reserves, retained earnings (deficit) and treasury stocks.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

There were no changes in the Parent Company's approach to capital management during the year.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement in 2019 and 2018.

#### *Tektite Insurance Brokers, Inc. (TIBI)*

The operations of TIBI are subject to the regulatory requirements of the Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain capital requirement.

In 2006, the IC issued Memorandum Circular No. 1-2006 which provides for the minimum capitalization requirements of all insurance brokers and reinsurance brokers. Under this circular, existing insurance brokers and reinsurance brokers must have a net worth in accordance with the amounts and schedule stipulated in the circular.

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As at December 31, 2019 and 2018, the required statutory net worth for TIBI, being an existing insurance broker is P10 million.

TIBI has fully complied with the capitalization requirements of Memorandum Circular No. 1-2006 in 2019 and 2018.

**37. Segment Information**

Details of the Parent Company's subsidiaries as of December 31, 2019 and 2018 are as follows:

	Principal Activities	Ownership Interest	
		2019	2018
PRHC Property Managers, Inc. (PPMI)	Property Management	100%	100%
Tektite Insurance Brokers, Inc. (TIBI)	Insurance Brokerage	100%	100%
Sultan's Power, Inc. (SPI)	Holding Company	100%	100%
Universal Travel Corporation (UTC)	Travel and Tours Agency	81.53%	81.53%

Minority interests as of 2019 and 2018 represent the equity interests in Universal Travel Corporation not held by the Group.

The segment assets and liabilities as of December 31, 2019, 2018 and 2017 and the results of operations of the reportable segments for the years ended December 31, 2019, 2018 and 2017 are as follows:

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2019								
	Parent	Subsidiaries						Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	
(In Thousand Pesos)								
Revenue	P1,074,673	P45,130	P5,727	P -	P -	P761,920	(P2,243)	P1,885,207
Segment Result	223,973	4,481	(736)	(22,228)	(31)	-	64,745	270,253
Interest expense	16,745	325	-	-	-	-	-	17,070
Interest income	(14,556)	(2)	(139)	-	(1)	-	-	(14,698)
Dividend income	(717)	-	-	-	-	-	-	(717)
Equity in net loss of associates	775	-	-	-	-	-	-	775
Income taxes	210,553	1,503	150	-	-	-	-	212,206
Income (loss) before minority interest	436,773	6,355	(725)	(22,228)	(31)	-	75,573	495,717
Minority interest	-	-	-	-	-	-	(10,828)	(10,828)
Net Income (Loss)	P436,773	P6,307	(P725)	(P22,228)	(P31)	P -	P64,745	P484,889
Other Information								
Segment assets	P 6,023,102	P80,223	P13,668	P2,914	P1,184	P -	P3,869	P6,124,961
Investments at equity method	108,975	-	-	-	-	-	(34,365)	74,610
Consolidated Total Assets	P6,132,077	P80,223	P13,668	P2,914	P1,184	P -	(P30,496)	P6,199,571
Segment liabilities	P2,198,806	P33,150	P2,081	P74,809	P29,903	P -	(P73,935)	P2,264,814
Consolidated Total Liabilities	P2,198,806	P33,150	P2,081	P74,809	P29,903	P -	(P73,935)	P2,264,814
Capital expenditure	P7,153	P 4,254	P 35	P -	P -	P -	P -	P11,443
Depreciation and amortization	22,791	683	371	-	-	-	-	23,846
Non-cash expenses other than depreciation	152,345	2,672	1,894	-	-	-	-	156,911

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2018

	Parent	Subsidiaries						Eliminations	Consolidated
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income			
(In Thousand Pesos)									
Revenue	P1,009,230	P37,986	P6,583	P -	P93	P771,180	(P3,938)	P1,821,134	
Segment Result	212,258	1,915	(3,209)	(2,455)	(689)	-	(8,205)	199,625	
Interest expense	8,474	-	-	-	-	-	-	8,474	
Interest income	(3,477)	(1)	(66)	-	(31)	-	-	(3,575)	
Dividend income	(626)	-	-	-	-	-	-	(626)	
Equity in net loss of associates	8,205	-	-	-	-	-	-	8,196	
Income taxes	177,748	886	195	-	12	-	-	178,841	
Income (loss) before minority interest	402,582	2,800	(3,080)	(2,455)	(708)	-	(8,205)	390,934	
Minority interest	-	-	-	-	-	-	1,699	1,699	
Net Income (Loss)	P402,582	P2,800	(P3,080)	(P2,455)	(P708)	P -	(P6,506)	P392,633	
Other Information									
Segment assets	P4,834,778	P64,770	P15,514	P1,258	P25,010	P -	P5,652	P4,946,982	
Investments at equity method	178,809	-	-	-	-	-	(102,136)	76,673	
Consolidated Total Assets	P5,013,587	P64,770	P15,514	P1,258	P25,010	P -	(P96,484)	P5,023,655	
Segment liabilities	P1,499,091	P21,759	P2,160	P74,668	P29,946	P -	(P74,702)	P1,552,922	
Consolidated Total Liabilities	P1,499,091	P21,759	P2,160	P74,668	P29,946	P -	(P74,702)	P1,552,922	
Capital expenditure	P8,800	P -	P -	P -	P -	P -	P -	P8,800	
Depreciation and amortization	12,970	62	365	-	82	-	-	13,479	
Non-cash expenses other than depreciation	45,388	3,877	4,521	-	122	-	-	53,908	

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2017

2017

	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P831,370	P32,668	P5,691	P -	P572	P397,025	(P3,241)	P1,264,085
Segment Result	123,883	17,091	(1,306)	(3,348)	(1,230)	-	3,128	138,218
Interest expense	9,547	-	-	-	-	-	-	9,547
Interest income	(11,428)	(1)	(39)	-	(47)	-	-	(11,515)
Dividend income	(401)	-	-	-	-	-	-	(401)
Equity in net gain of associates	(3,128)	-	-	-	-	-	-	(3,128)
Income taxes	129,522	81	187	-	-	-	-	129,790
Income (loss) before minority interest	247,995	17,171	(1,158)	(3,348)	(1,277)	-	3,128	262,510
Minority interest	-	-	-	-	-	-	1,851	1,851
Net Income (Loss)	P247,995	P17,171	(P1,158)	(P3,348)	(P1,277)	P -	P4,979	P264,361
Other Information								
Segment assets	P4,282,916	P57,367	P18,445	P22,253	P30,456	P -	(P31,986)	P4,379,451
Investments at equity method	204,898	-	-	-	-	-	(120,020)	84,878
Unallocated corporate assets	-	-	-	-	-	-	-	-
Consolidated Total Assets	P4,487,814	P57,367	P18,445	P22,253	P30,456	P -	(P152,044)	P4,464,290
Segment liabilities	P1,366,607	P24,080	P2,184	P74,366	P54,079	P -	(P133,780)	P1,387,536
Consolidated Total Liabilities	P1,361,663	P19,136	P2,184	P74,366	P54,079	P -	(P133,780)	P1,382,592
Capital expenditure	P362,373	P47	P8	P -	P -	P -	P -	P362,428
Depreciation and amortization	26,253	106	821	-	164	-	-	27,344
Non-cash expenses other than depreciation	8,603	2,578	1,633	-	-	-	-	12,814

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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The following are the principal activities of the Parent Company's subsidiaries:

PRHC Property Managers, Inc. (PPMI)

PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office of PPMI is 29th/F East Tower, Philippine Stock Exchange Centre (PSE), Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc. (TIBI)

TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage.

The registered office of TIBI is at 20/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation (UTC)

UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of its operations effective July 31, 2018 and sold all its existing assets and paid its liabilities from the proceeds and collections of receivables and sale of assets. Thereafter, UTC became inactive.

The registered office of UTC is 29<sup>th</sup>/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc. (SPI)

SPI was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation (Recon-X), a company incorporated in the Philippines, engaged in the business of converting plastic waste into fuel. Recon-X is currently in the initial stage of its test runs.

The registered office of SPI is 29/F, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

**STATEMENTS REQUIRED BY RULE 68, SECURITIES REGULATION CODE (SRC),  
AS AMENDED ON OCTOBER 20, 2011**

The Shareholders and Board of Directors  
Philippine Realty and Holdings Corporation and Subsidiaries  
One Balete, 1 Balete Drive corner N. Domingo Street  
Brgy. Kaunlaran District 4  
Quezon City

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (collectively as the "Group") as at and for the year ended December 31, 2019, on which we have rendered our report dated March 17, 2020. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C and Annex 68-C), Financial Soundness Indicators (Part 1, 4D), Map of the Relationships of the Companies within the Group (Part 1, 4H), and Schedule of Philippine Financial Reporting Standards effective as at December 31, 2019 (Part 1, 4J), as additional components required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, As Amended, and Schedules A, B, C, D, E, F, G and H, as required by Part II, Section 6 of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements.

Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 of Rule 68 of the Securities Regulation Code, As Amended.

**MACEDA VALENCIA & CO.**

  
**ARACELI F. CASELES**

Partner

CPA License No. 113583

PTR No. 8139185

Issued on January 14, 2020 at Makati City

SEC Accreditation No. (individual) as general auditor 1779-A Category A,  
Effective until September 23, 2022

SEC Accreditation No. (firm) as general auditors 4748-SEC;  
Effective until February 17, 2023

TIN 228-154-366-000

BIR Accreditation No. 08-007752-001-2019

Issued on December 19, 2019; effective until December 18, 2022

BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 17, 2020  
Makati City

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
INDEX TO THE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2019**

**Schedules Required under Securities Regulation Code Rule 68**

Schedule	Content
Part 1	
I	Reconciliation of Retained Earnings Available for Dividend Declaration
II	Financial Soundness Indicators
III	List of Effective Philippine Financial Reporting Standards and Interpretations
IV	Map of the Relationships of the Companies within the Group
Part 2	
A	Financial Assets
	Amounts Receivable from Directors, Officers, Employees, Related Parties and
B	Principal Stockholders
	Amounts of Receivable from Related Parties which are eliminated during the
C	consolidation of financial statements
D	Intangible Assets - Other Assets
E	Long-term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Share Capital



**PHILIPPINE REALTY AND HOLDINGS CORPORATION**

**Schedule I**

**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION**

**As of December 31, 2019**

*(Amounts in thousands)*

<b>Unappropriated Retained Earnings, beginning</b>	<b>P617,459,124</b>
Adjustments for:	
(prior-year adjustments)	-
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>617,459,124</b>
Net income during the period closed to Retained Earnings	<b>495,717,398</b>
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	
Unrealized actuarial gain	-
Fair value adjustments (M2M gains)	-
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	<b>(546,695,730)</b>
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	<b>(154,443,742)</b>
Add: Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP-loss	<b>19,109,004</b>
Equity in net loss of associate/joint venture	<b>2,063,651</b>
Loss on fair value adjustment to investment property (after tax)	-
<b>Net income actually earned/realized during the period</b>	<b>21,172,655</b>
<b>Net income actually earned/realized during the period</b>	<b>433,209,705</b>
Add (Less):	
Dividend declarations during the period	-
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Treasury shares	<b>(337,194)</b>
<b>TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND</b>	<b>P432,872,511</b>

PHILIPPINE REALTY AND HOLDINGS AND SUBSIDIARIES

Schedule II

Financial Soundness Indicators

As of December 31, 2019

	2019	2018
Current Ratio <sup>(1)</sup>	2.91	4.15
Debt to Equity Ratio <sup>(2)</sup>	0.57	0.45
Asset to Equity Ratio <sup>(3)</sup>	1.57	1.45
Interest Coverage Ratio <sup>(4)</sup>	40.84	67.18
Net Interest Margin Ratio <sup>(5)</sup>	0.26	0.21
Return on Assets <sup>(6)</sup>	0.08	0.08
Return on Equity <sup>(7)</sup>	0.12	0.11
Solvency Ratio <sup>(8)</sup>	0.22	0.26

<sup>(1)</sup> Current ratio is measured as current assets divided by current liabilities.

<sup>(2)</sup> Debt to equity ratio is measured as total liabilities divided by total equity.

<sup>(3)</sup> Asset to equity ratio is measured as total assets divided by total equity.

<sup>(4)</sup> Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.

<sup>(5)</sup> Net interest margin ratio is derived by dividing net interest income with average interest earning assets.

<sup>(6)</sup> Return on assets is measured by dividing net income after tax with total assets.

<sup>(7)</sup> Return on equity is measured by dividing net income after tax with total capital accounts.

<sup>(8)</sup> Solvency ratio is measured by dividing net income after tax plus depreciation with total liabilities.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**

**Schedule III**

**List of Philippine Financial Reporting Standards (PFRS)**

**Effective as of December 31, 2019**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Effective as of December 31, 2019</b>				
<b>Framework for the Preparation and Presentation of Financial Statements</b>		✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics				
<b>PFRS Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing costs	✓		
	Amendments to PFRS 1: Meaning of 'Effective PFRSs'*	<b>Not early adopted</b>		
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Conditions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
<b>PFRS 3</b>	Business Combinations			✓
	Amendments to PFRS 3: Accounting for contingent consideration in a business combination			✓
	Amendment to PFRS 3: Scope exceptions for joint ventures			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation			✓
	Amendments to PFRS 3: Definition of a Business*		✓	
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Implementation of PFRS 9			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in methods of disposal			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Amendments to PFRS 7: Transition	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing contracts	✓		
	Amendment to PFRS 7: Applicability of the amendments to PFRS 7 to condensed interim financial statements			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendment to PFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or contribution of assets between an investor and its associate or joint venture	✓		
	Amendment to PFRS 10: Consolidated Financial Statement: PFRS 12: Disclosure of Interest in Other Entities and PAS 28: Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
PFRS 13	Fair Value Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers	✓		
<b>PFRS 16</b>	Leases	✓		
<b>PFRS 17</b>	Insurance Contracts			✓
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
	Amendments to PAS 1: Presentation of Financial Statements*		✓	
<b>PAS 2</b>	Inventories	✓		
<b>PAS 7</b>	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure initiative	✓		
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*		✓	
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts	✓		
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax - Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Income Tax Consequences of Payments on Financial Instrument Classified as Equity			✓
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of servicing equipment	✓		
	Amendments to PAS 16: Revaluation method - proportionate restatement of accumulated depreciation			✓
	Amendments to PAS 16 and PAS 38, Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
PAS 17	Leases	Superseded by PFRS 16		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Employee or Third Party Contributions to defined benefit plans			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Borrowing Costs Eligible for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
	Amendments to PAS 24: Key management personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities	✓		
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		
	Long-term Interests (LTI) in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	Superseded by PFRS 9		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			
	Amendment to PAS 32: Presentation – Tax effect of distribution to holders of equity instrument			
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✓
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation method - proportionate restatement of accumulated amortization			✓
	Amendments to PAS 16 and PAS 38, Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	Superseded by PFRS 9		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			
	Amendment to PAS 39: Eligible Hedged Items			
	Amendments to PAS 39: Recognition and Measurement on Novation of Derivatives			
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41, Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste			✓

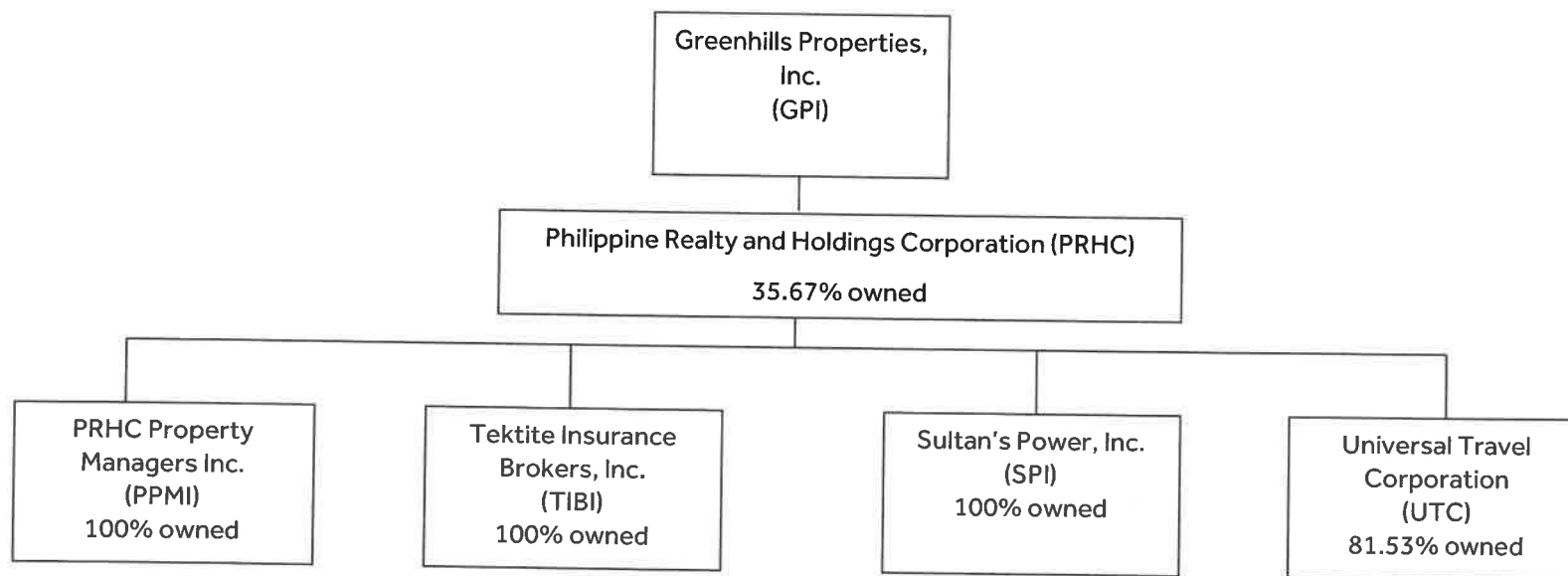
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Electrical and Electronic Equipment			
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration	✓		
IFRIC 23	Uncertainty over Income Tax Treatments	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
PIC 2016-02	PAS 32 and PAS 38: Accounting Treatment of Club Shares Held by an Entity			✓



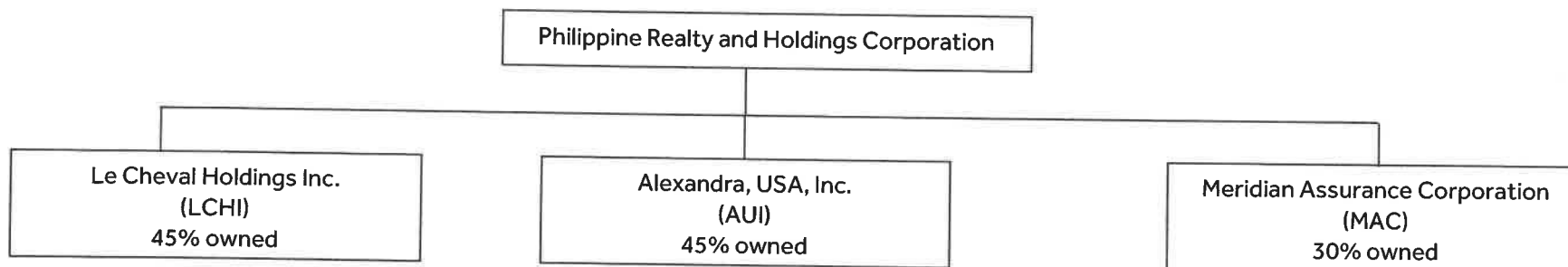
\* These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2019.

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2019 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION**  
**SUBSIDIARIES, AFFILIATES GROUP STRUCTURE**  
**As of December 31, 2019**



**Associates:**



PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule A – Financial Assets  
December 31, 2019

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
<b>Financial assets at fair value through profit or loss</b>				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
<b>Financial Assets at Fair Value through OCI</b>				
<b><i>Equity securities</i></b>				
A. Brown Company, Inc.	36,840,000 shares	P26,156,400	P26,156,400	P -
Premium Leisure Corporation	14,264,120 shares	8,129,176	8,129,176	716,722
Philippine Racing Club (prc)	944 shares	8,354	8,354	-
Orchard Golf & Country Club				
CLASS "C" Shares	1 share	500,000	500,000	-
Valley Golf Country Club	1 share	900,000	900,000	-
	51,105,066 shares	P35,693,930	P35,693,930	P716,722
<b>Trade and other receivables - net</b>		P1,625,188,417	P1,625,188,417	P2,484,558
		P1,667,632,347	P1,667,632,347	P3,201,280

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule B –Amounts Receivable from Director, Officers, Employees,  
Related Parties and Principal Stockholders (Other than Related Parties)  
December 31, 2019

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non- current	Balance at the end of period
ALMEROL, CARLA	P -	P53,000	(P9,000)	-	P44,000	-	P44,000
AVILA, JESSICA	40,000	77,280	(40,250)	-	77,030	-	77,030
BERCASIO, ANDREW	266,119	313,152	(579,271)	-	-	-	-
BONTOGON, MARISSA	1,623,949	711,474	(926,704)	-	1,408,719	-	1,408,719
CALANOG, DANTE	258,642	-	(95,283)	-	163,359	-	163,359
CALUBAYAN, MARIE JOYCE	56,851	219,171	(188,307)	-	87,715	-	87,715
CARAG, ADELINE SUSAN	1,362,896	-	(312,908)	-	1,049,988	-	1,049,988
CARTAGENA, AILENE	17,710	38,640	(37,030)	-	19,320	-	19,320
CASTRO, CRISTINE DENISE	175,705	20,000	(53,752)	-	141,953	-	141,953
CATACUTAN, RICHARD	(95,283)	388,544	(111,276)	-	181,985	-	181,985
CIAR, ERWIN	1,325,740	199,066	(364,352)	-	1,160,454	-	1,160,454
CRUZ, ROSELLE	116,982	342,044	(207,765)	-	251,261	-	251,261
DAYRIT, AMYLEEN JOY	-	510,752	(53,428)	-	457,324	-	457,324
DEL ROSARIO, ALFREDO S	2,688,793	12,559,728	(760,078)	-	14,488,443	-	14,488,443
DELA CRUZ, ANGELICA	96,594	9,012	(39,857)	-	65,749	-	65,749
DEOCERA, NORBERT	103,517	182,449	(142,960)	-	143,006	-	143,006
DURAN, AILEEN	499,345	5,512,204	(5,731,204)	-	280,345	-	280,345
DURAN, NORMALENE	110,748	9,824	(39,857)	-	80,715	-	80,715
ENRIQUEZ, EDILYNDA	654,772	179,562	(358,098)	-	476,236	-	476,236
FISCHER, VINCENT	1,394,724	-	(11,359)	-	1,383,365	-	1,383,365
GARGAR, ERWIN	3,500	14,983	(8,700)	-	9,783	-	9,783
GO, RICHARD NICOLAS KO	1,964,965	43,324	(673,341)	-	1,334,948	-	1,334,948

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non- current	Balance at the end of period
HERNANI, MARIA ELIZABETH	-	146,430	(62,809)	-	83,621	-	83,621
ISNIT, JOSEFINA	400,323	753,530	(673,664)	-	480,189	-	480,189
LANUZA, CAMILLE	10,000	87,495	(87,495)	-	10,000	-	10,000
LANUZA, GERARDO							
DOMENICO	2,775,793	-	(715,636)	-	2,060,157	-	2,060,157
MAGPAYO, GIL	336,343	16,242	(29,517)	-	323,068	-	323,068
MEDRANO, EDMUNDO	2,685,793	147,722	(761,552)	-	2,071,963	-	2,071,963
MIRANDE, MIKE	395,851	90,462	(254,388)	-	231,925	-	231,925
PACA, CARLOS MIGUEL	1,344,396	99,194	(369,485)	-	1,074,105	-	1,074,105
PENGSON, BELLE	-	90,260	(41,260)	-	49,000	-	49,000
PERILLO, MARIA CHRISTINA	493,643	221,016	(295,100)	-	419,559	-	419,559
PUYAT, TXYLA	-	861,706	(319,974)	-	541,732	-	541,732
QUILONGQUILONG, EUNICE	140,000	4,313	(105,521)	-	38,792	-	38,792
RAMOS, MARK ANTHONY	430,958	-	(126,768)	-	304,190	-	304,190
REYES, REINHARD	78,194	8,914	(39,857)	-	47,251	-	47,251
SANTOS, ROZANO	303,404	109,704	(251,410)	-	161,698	-	161,698
SANTOS, LEONARD ROSS	-	533,036	(92,746)	-	440,290	-	440,290
SOZA, RICHARD	20,000	-	(20,000)	-	-	-	-
TABLADA, DEXTER	53,573	9,624	(48,590)	-	14,607	-	14,607
TABORLUPA, MARGIE	110,364	365,919	(147,602)	-	328,681	-	328,681
TAMANG, CHARLIE	109,760	54,221	(110,982)	-	52,999	-	52,999
TUROT, KRISTEL JOY	93,357	9,684	(39,857)	-	63,184	-	63,184
VEDAÑA, FERDERICK	22,443	168,242	(104,696)	-	85,989	-	85,989
VERCELES, REGANDOR	-	826,786	(127,873)	-	698,913	-	698,913
VERZOSA, SAMUEL	17,438	46,829	(40,853)	-	23,414	-	23,414
VICTORIA, RODOLFO	-	51,930	(11,625)	-	40,305	-	40,305
VILLAFUERTE, JOHNDELF	(108,605)	1,256,181	(760,268)	-	387,308	-	387,308

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non- current	Balance at the end of period
VILLAJUAN, ANGEL	18,505	-	(18,505)	-	-	-	-
OTHERS	(8,027)	5,338	-	-	(2,689)	-	(2,689)
	P22,389,775	P27,348,987	(P16,402,813)	P -	33,291,949	P -	P33,335,949

Note: Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule C – Amounts Receivable from Related Parties which are eliminated  
during the consolidation of financial statement  
December 31, 2019

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-current	Balance at the end of period
Universal Travel Corporation, Subsidiary	P29,873,310	P -	P -	P -	P -	P29,873,810	P29,873,810
PRHC Property Managers, Inc., Subsidiary	3,101,717	4,208,446	1,607,051	-	5,703,112	-	5,703,112
Sultan's Power, Inc., Subsidiary	74,534,722	54,697	-	-	74,598,419	-	74,598,419
	P107,509,749	P4,263,143	P1,607,051	P -	P80,301,531	P29,873,310	P110,175,341

i. If collected was other than in cash, explain.

ii. Give reasons to write-off.

**PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES**  
**Schedule D – Intangible Assets – Other Assets**  
**December 31, 2019**  
*(Amounts in Thousands)*

Description (i)	Beginning Balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other charges additions (deduction) (iii)	Ending Balance
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None to report.

- i. The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption other assets in the related balance sheet. Show by major classifications.
- ii. For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.
- iii. If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the amounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.



PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule E – Long Term Debt  
December 31, 2019

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt in related balance sheet " (ii)	Amount shown under caption "Long-term debt in related balance sheet " (iii)	Interest Rate %	Maturity Date
Loans payable with pledged AR	P75,510,132	P -	P -	6%	
Lease and hold-out agreement	80,000,000	-	-	3.75%	April 2019
Lease and hold-out agreement	70,000,000	-	-	3.75%	May 2019
Real estate mortgage	25,000,000	-	-	0%	July 29, 2017
Real estate mortgage	25,000,000	-	-	0%	August 5, 2017
Car loan	26,756,894	5,206,899	11,303,779	9.11%	August 1, 2021
Car loan	14,048,000	2,962,245	5,536,015	8.72%	July 2022
Real estate mortgage	1,079,800,000	122,520,371	654,295,651	6%	September 19, 2022
Real estate mortgage	800,000,000	350,000,000	-	7.5%	March 2020

- i. Include in this column each type of obligation authorized.
- ii. This column is to be totalled to correspond to the related balance sheet caption.
- iii. Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule G – Guarantees of Securities of Other Issuers  
December 31, 2019

Name of the issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of Guarantee (ii)
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None to report.

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- i. Indicate in the note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
  - ii. There must be a brief statement of the nature of the guarantee, such as "Guarantee of Principal and Interest", "Guarantee of Interest" or "Guarantee of Dividend". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES  
Schedule H – Share Capital  
December 31, 2019

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	8,000,000,000	3,688,869,745	-	-	10,412,758	-

- i. Include in this column each type of issue authorized
- ii. Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
- iii. Indicate in a note any significant changes since the date of the last balance sheet filed.

**ANNEX C****SUBSIDIARIES OF THE REGISTRANT  
(as of December 31, 2019)**

<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%