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 2015

2. SEC Identification No. : 99905 3. BIR Tax Identification No.: 116-000-188-233

4. Registrant : Philippine Realty and Holdings Corporation

5. Country of Incorporation: Philippines 6.Industry Classification Code: Real Estate Developer

7. Address of principal office: Andrea North Complex, Balete Drive corner N. Domingo St., New Manila, Quezon City

   Satellite Office : 5/F, PSE Centre East Tower, Exchange Road, Ortigas Center Pasig City

8. Registrant's telephone no.: 636-1170

9. The Registrant has not changed its corporate name and fiscal year.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

11. The Registrant's common shares are listed on the Philippine Stock Exchange

12. The Registrant has filed all reports required to be filed by Section 17 of the Securities Regulation Code and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporate Code during the preceding 12 months.

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

13. The aggregate market value of voting stocks held by non-affiliates representing 3,053,187,439 of outstanding common shares is ₱ 1,373,934,347.55 computed on the basis of ₱0.45 per common share as of close of December 31, 2015.

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

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

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

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

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

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

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

Significant Subsidiaries

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

PRHC Property Managers, Inc. (100% owned)

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

Tektite Insurance Brokers, Inc. (100% owned)

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

Universal Travel Corporation (81.53% owned)

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

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

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

Sultan Power Inc. (100% owned)

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

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

	2015	2014	2013
Sale of Land and Condominium Units	**76.20%**	**34.97%**	**49.52%**
Equity in Net Earnings of Joint Venture	**0.00%**	**0.00%**	**0.00%**
Net Underwriting Income	**0.00%**	**0.00%**	**0.00%**
Management Fees	**7.89%**	**4.91%**	**6.86%**
Commission	**2.66%**	**1.60%**	**1.55%**
Rental	**6.03%**	**5.10%**	**7.41%**
Interest and Other Income	**7.22%**	**53.42%**	**34.66%**
	100.00%	**100.00%**	**100.00%**

Related Party Transactions

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

Major Risk/s of the Parent Company and Subsidiaries

The major factors affecting the company's business are:

Philippine Economic Conditions

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

Level of Interest Rates

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

Remittances of Overseas Filipino Workers

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

Government Programs

In 2002, the Pag-ibig Fund (Home Development Mutual Fund) came out with increased loanable amounts and lower interest rates for members. The loan features were further improved in 2004. Of interest to the company is the program which allows a member to borrow up to ₱3 million for a term of thirty (30) years, at an interest rate of 11.5% per annum, and with a down payment for the unit of only 20% payable while the unit is under construction or development. Similarly, the HDMF has instituted a Medium/High Rise Condominium Building financing program for developers. With the trend towards smaller condominium units, these two programs have given the sector a reliable source of funding.

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

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

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

Distribution Method

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

Competition

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

<u>Metro Manila Residential Supply</u>

In the Makati CBD, three new condominium projects were completed in 4Q 2012 totalling 792 units. These were Raffles Residences, Greenbelt Madison, and the

Grand Midori Tower 1. In 2013, the level of new supply to be introduced in the CBC will hit a record high at 2,825 units, most of which are Grade A residential condominiums.

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

Quezon City/New Manila Market

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

Financial Strategy

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

Marketing Strategy

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

Sales Strategy

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

Direct Competition

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

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

Also the new Robinsons Magnolia Mall New Manila opened in mid 2012 which

increased the marketability and land values in the surrounding New Manila area.

Sources and Availability of Materials

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

Customers

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

Government Regulations

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

Patents and Trademarks

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

Employees

Philrealty has a total workforce of 42 employees as of December 31, 2015, categorized as follows:

Administrative	23
Operations	2
Managerial	7
Executive	10
Total	**42**

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

Item 2. Properties

All properties of the Company are free from lien or encumbrance. The Company has no intention to acquire properties in the next twelve months.

(A) Landbanking

Location	Area in sqm.	Title No.
Land Estate Held for Development and/or Capital Appreciation		
New Manila., Quezon City	14,716.21	N-157138/157139/157137
Iruhin West, Tagaytay City, (85% owned)	39,975.00	T-34469/34412

(B) Properties and Equipment

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

(C) Leased Properties

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

Item 3. Legal Proceedings

* *Petition for Corporate Rehabilitation with Prayer for Suspension of Payments filed with the Regional Trial Court Quezon City*

Philrealty filed on December 12, 2002 a Petition for Corporate Rehabilitation with Prayer for Suspension of Payments to stop the creditors of petitioner from foreclosing on the mortgages over the real properties of petitioner to the prejudice of the other stakeholders of petitioner. The court gave due course to Philrealty's petition on February 26, 2003 and appointed Mr. Ricardo Ysmael, as Rehabilitation Receiver to plan. On June 20, 2003, Philrealty filed with the RTC its amended proposed rehabilitation plan. On June 11 2004, the Court approved the Receiver's Recommendation on the Amended Rehabilitation Plan.

The Company has filed a Motion to Terminate Proceedings on account of the successful implementation of the Rehabilitation Plan with the Regional Trial Court of Quezon City on February 2, 2011. In November 2012 the Rehabilitation Court, upon the recommendation of the Rehabilitation Receiver denied the motion on the basis that the Company has still substantial obligation to pay in accordance with the court-approved rehabilitation plan.

As of December 20, 2013, the Company's liabilities to the contractor, Andrea North Skyline buyers and unsecured creditors were already paid, such that, the Company has filed a motion to terminate the rehabilitation proceedings on the account of the successful implementation of the rehabilitation plan. This was granted on March 31, 2014.

* *Ley Construction and Development Corporation vs. Philippine Realty and Holdings Corporation, Dennis A. Abcede and Joselito L. Santos, Civil Case No. 96-160, Regional Trial Court Makati City Branch*

135; CA-GR No. CV 71293, Court of Appeals.

This is a complaint filed on 29 January 1996 by Ley Construction and Development Corporation ("Ley Construction"), as contractor, for sum of money and damages arising from various construction projects, against Philrealty as the project owner. On February 16, 2001, Philrealty received the copy of the Decision of the Regional Trial Court issued on 31 January 2001, ordering Philrealty to pay Ley Construction a sum of money. On February 20, 2001, Philrealty filed with the Regional Trial Court a Notice of Appeal of the above-mentioned decision. On October 7, 2004, the Court of Appeals Ninth Division reversed and set aside the decision made on January 31, 2001 and the May 7, 2001 amended decision and ordered Ley Construction to pay the defendant-appellant Philrealty the net amount due of Three Million Seven Hundred Forty Seven Thousand Seven Hundred Ninety Three & 50/100 Pesos with legal interest from date of filing of complaint. On November 22, 2004, Philrealty filed a Petition for Review. Ley Construction filed a Petition for Review on Certiorari with Supreme Court which is docketed as SC-G.R. No. 167879 while Philrealty filed its Comment to Petition for Review on Certiorari on December 12, 2005. On June 30, 2011 the Supreme Court ruled in favor of Ley Construction. Our lawyers filed a Motion for Reconsideration which the SC denied with finality on October 25, 2011 and directing the Company to pay P57 million plus legal interest from the time of filing of the case. The Company has booked the prospective settlement expenses in the amount of P112.75 million in its 2011 financial statements. On July 16, 2012, the Company has received a Notice of Garnishment and Notice to Comply/Pay in connection with the claim of "Ley Construction" which was lifted December 26, 2012 on account of the Company's Corporate Rehabilitation. On November 12, 2013, this case was settled with Ley and subsequently terminated by the court.

* *Philippine Realty and Holdings Corp. vs. DMCI Project Developers, Inc., Universal Rightfield Property Holdings, Inc., and Universal Leisure Corporation, Civil Case No. 67092, and pending before Branch 161, Regional Trial Court, Pasig City.*

Universal Leisure Corporation(ULC) bought several condominium units from Phil. Realty and Holdings Corp. under two(2) contracts to sell. After paying the down payment ULC refused to pay the balance due on the principal sums of P32,534,202.66 and P32,383,972.00. ULC claims that it is an assignee of receivable from DMCI Project Developers, Inc.(DMCI) and Universal Rightfield Property Holdings, Inc. (URPHI) for a sum of money allegedly owed by Philrealty to DMCI and URPHI as a result of cancellation of joint venture agreement entered into by Philrealty, URPHI and DMCI. The trial Court ruled against Philrealty; thus, it ordered Philrealty to pay a sum of money to ULC, DMCI and URPHI and deliver titles of fourteen condominium units and two storage units situated at 34th Floor West Tower as well as the seventy four parking slots situated at the West Podium 3 Parking Level of the PSE Centre. Philrealty appealed the case with the Court of Appeals (CA) which affirmed the trial court's decision. In December 2012, Philrealty filed a Motion for Reconsideration and the same was denied. Thereafter, the Parent Company filed a Petition for Review with the Supreme Court where the matter is still pending as of report date.

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

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

Part II

OPERATIONAL INFORMATION

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

Market Information

Principal market for the Registrant's Common shares : Philippine Stock Exchange

High and Low Sales Prices for each quarter for years 2013, 2014 and 2015 based on Philippine Stock Exchange's Daily Quotation Report

	2013		2014		2015	
	High	Low	High	Low	High	Low
1st quarter	0.68	0.45	0.68	0.43	0.55	0.49
2nd quarter	0.63	0.41	0.65	0.63	0.44	0.44
3rd quarter	0.61	0.42	0.60	0.60	0.39	0.39
4th quarter	0.49	0.40	0.48	0.48	0.45	0.41

Holders

As of December 31, 2015 the Company had 2405 stockholders. The list of the top twenty stockholders of the Company as of December 31, 2015 is as follows:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
PCD Nominee Corporation	Filipino	2,086,281,988	42.38%
Greenhills Properties, Inc.	Filipino	1,755,779,066	35.67%
A Brown Company, Inc.	Filipino	278,505,248	5.66%
Campos, Lanuza & Co., Inc.	Filipino	275,346,201	5.59%
Philex Mining Corporation	Filipino	68,865,002	1.40%
Belson Securities, Inc.	Filipino	30,580,956	.62%
Socorro C. Ramos	Filipino	21,291,750	.43%
Universal Travel Corp.	Filipino	15,807,000	.32%
Brisot Economic Dev. Corp	Filipino	15,280,621	.31%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	.31%
Ramon de Leon	Filipino	11,810,854	.24%
Ricardo Leong	Filipino	11,810,854	.24%
Calixto Laureano	Filipino	11,810,854	.24%
Consuelo Madrigal	Filipino	11,500,000	.23%
Wealth Securities, Inc.	Filipino	9,339,953	.19%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	.15%
Meridian Securities	Filipino	6,269,888	.13%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	.12%
Guild Securities	Filipino	5,597,712	.11%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	.11%
Citisecurities, Inc.	Filipino	5,408,078	.11%
National Bookstore, Inc.	Filipino	5,393,450	.11%
Total		**4,660,728,457**	**94.67%**

Dividends

No dividend was declared by the Company since its last declaration on October 24, 1995. There are no unappropriated retained earnings to be distributed to stockholders since 1997. In 1996, the Board of Directors approved the appropriation of P250 million of the Company's retained earnings for the purchase of its own capital stock.

Recent sales of unregistered securities

There were no sales of unregistered securities.

Part III
FINANCIAL INFORMATION

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

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

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

Refer to Exhibit 2 hereof

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

The auditing and accounting firm of Maceda Valencia & Co. is the Company's Independent Public Accountants appointed in the 2015 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 2015 and 2014 amounts to P880,000 P862,500, exclusive of VAT, respectively. Out of pocket expense is pegged at 15% for 2015 and 2014.

Tax Fees

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

PART IV
MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

Gerardo Lanuza, Jr./ 69 – Other Alien/Spanish

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

<u>Antonio O. Olbes/ 68 - Filipino</u>

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

<u>Amador C. Bacani/67 - Filipino</u>

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

Atty. Mariano C. Ereso, Jr./82-Filipino

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

Gerardo Domenico Antonio V. Lanuza/32 – Filipino

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

Gregory G. Yang/59 – Filipino

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

Andrew C. Ng/32 – Filipino

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

Andrew D. Alcid/56 – Filipino/American

Mr. Alcid was elected as Director on November 8, 2012 and is the current President of the Company. He is former President of Greenhills Properties, Inc. (GPI). Prior to his stint at GPI, he was the President and CEO of Coastal Road Corporation and Knowledge City Holdings & Development Corporation. He occupied the same position in AXA Philippines from 2006 to 2008.

Manuel O. Orros/67 (Independent Director) - Filipino

Mr. Orros has served as Independent Director of PRHC for nine years. He is a Director/Treasurer of Australian International Export-Import, Inc. and the President of O' Mai Khan, Inc. in Baguio City.

Renato Nunez/47 (Independent Director) - Filipino

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

Fidel R. Racasa - Filipino

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

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

Item 10. Executive Compensation

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
CEO & five most highly compensated executive officers- Gerardo Lanuza (Chairman of the Board), Andrew D. Alcid (President), Gerardo Domenico Antonio Lanuza (Executive Vice President) , Vincent Fischer (Chief Finance Officer), Jose Ramon Olives (Vice President for Marketing and Compliance Officer Amador C. Bacani (President) – retired July 31, 2014 , Jose F. Santos (Senior Vice-President and COO)- resigned effective November 15, 2014, Robirose M. Abbot (Vice President) – resigned effective September 30, 2014	2015	39,324,456.30	None	216,000	None	39,540,456.30
	2014	29,311,647.28	2,910,000	144,000	None	32,365,647.28
	2013	15,024,744.81	None	99,000	None	15,123,744.80
	2012	10,289,103.10	None	111,000	None	10,400,103.10
	2011	8,790,436.82	None	84,000	None	8,874,436.82
All officers & directors as a group – Other officers include: Antonio Olbes (Vice Chairman), Juan Antonio Lanuza – died March 2014, Joselyn Caren Thomas (VP for Human Resources) – Started August 2014, resigned Feb 2015 Erwin Ciar (VP/Head of Project and Construction Management)- started September 2014, Edward Encarnacion (VP for Shared Services), Francis Fugen (VP for Property Management),-. Stephen Harn (VP for Sales Services) - started in May 2015	2015	9,023,245.80	None	72,000	None	9,095,245.80
	2014	3,064,530.77	530,000	72,000	None	19,460,520.32
	2013	17,684,360.43	None	159,000	None	17,843,360.43
	2012	12,457,595.73	None	162,000	None	12,619,595.73
	2011	11,435,086.08	None	414,000	None	11,849,086.08

,

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

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

Compensation of Directors

Directors are entitled to a per diem of ₱6,000.00 for board meetings attended except for independent directors who received P20,000.00. In addition, the board is entitled to a portion of the 5% of net income before tax profit-sharing incentive for directors, officers and staff.

The directors of the registrant received per diem in the amount of P846,000 P430,000, P506,000,and P488,000 and for 2014, 2013 and, 2012, respectively.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting security as at December 31, 2015.

Title	Name and Address of Record/Beneficial Owner	Record/ Beneficial Ownership	Citizenship	Number of Shares Owned	% Owned
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino/ Non-Filipino	2,086,281,988 shares	42.38%
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	1,755,779,066 shares	35.67%
Common	A.Brown Company, Inc. Xavier Estates Uptown Airport Road Cagayan de Oro City	"B"	Filipino	278,505,248 shares	5.66%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R"/"B"	Fil./American Spanish/Other Alien	275,346,201 shares	5.60%

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

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

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

Shares held by Directors and Executive Officers as reported by transfer agent as of 31st December 2015:

Title of Class	Name of Beneficial Owner	Amount and Nature of Class	Citizenship	%age Owned
Common	Antonio O. Olbes	500,000 / Indirect 6,388/Direct	Filipino	0.010%
Common	Amador C. Bacani	229,980 / Direct	Filipino	0.005%
Common	Gerardo Lanuza, Jr.	174,024 / Direct	Filipino/Spanish	0.004%
Common	Mariano C. Ereso, Jr.	10,000 / Direct	Filipino	0.000%
Common	Manuel O. Orros	1 / Direct	Filipino	0.000%
Common	Gerardo Domenico Antonio V. Lanuza	39,218,366/Direct; 50,000,000/Indirect	Filipino/Spanish	1.81%
Common	Gregory G. Yang	100,000 / Direct	Filipino	0.002%
Common	Andrew C. Ng	10,000 / Indirect	Filipino	0.000%
Common	Andrew D. Alcid	50,000 / Indirect	Filipino/American	0.000%
Common	Renato Nunez	10,000 / Direct	Filipino	0.000%
Common	Fidel R. Racasa	1 / Indirect	Filipino	0.000%
Common	Directors and Officers As a Group	39,748,760/Direct 50,560,000 / Indirect		1.82%

Voting Trust Holders of 5% or more

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

Change in Control

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

Item 12. Certain Relationships and Related Transaction

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

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

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

PART V
EXHIBITS AND SCHEDULES

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

Exhibits

1. Management's Discussion and Analysis or Plan of Operation

2. 2015 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries

3. Subsidiaries of the Registrant

Reports on SEC Form 17-C

	February 3, 2015	Resignation of Ms. Joselyn Caren L. Thomas as Vice President for Human Resources.
	February 20, 2015	Sale of land held as investment property to Humboltbay Holdings, Inc.
	April 14, 2015	Formation of a new wholly-owned subsidiary "Sultan's Power, Inc."
	April 23, 2015	Annual Stockholders' Meeting set on June 30, 2015. Record date May 8, 2015.
	May 15, 2015	Change on the time and venue of Annual Stockholders' Meeting from "*at 2:00 p.m., at the Andrea North Condominium Clubhouse, Andrea North Complex, 1 Balete Drive corner N Domingo St. New Manila Quezon City*" to "*at 9:00 a.m., at the Auditorium of Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City*".
	May 25, 2015	Disclosure re: agenda on Annual Stockholders' Meeting set on June 30, 2015.
	July 6, 2015	New set of Directors for ensuing year.
	July 20, 2015	Appointment of Mr. Francis Rodney S. Fugen as VP/Head of Property Management Services and Mr. Stephen Michael I. Harn as VP/Head of Sales Services.
	July 22, 2015	New set of Officers for ensuing year.
	July 22, 2015	Resignation of Mr. Kirk Steven Young as Independent Director.
	August 4, 2015	Appointment of Mr. Edward Ross M. Encarnacion as VP/Head of Shared Services.
	August 18, 2015	Appointment of Mr. Renato G. Nuñez as replacement of Mr. Kirk Steven Young as Independent Director.
	November 17, 2015	Certificate of attendance of key officers and Board of Directors on Corporate Governance Seminar
	November 17, 2015	Appointment of Mr. Renato G. Nuñez as replacement of Mr. Manuel Orros as Chairman and member of Audit Committee.
	November 23, 2015	Resignation of Mr. Stephen Michael I. Harn as VP/Head of Sales Services.
	February 3, 2015	Resignation of Ms. Joselyn Caren L. Thomas as Vice President for Human Resources.
	February 20, 2015	Sale of land held as investment property to Humboltbay Holdings, Inc.

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	April 23, 2015	Annual Stockholders' Meeting set on June 30, 2015. Record date May 8, 2015.
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	August 18, 2015	Appointment of Mr. Renato G. Nuñez as replacement of Mr. Kirk Steven Young as Independent Director.
	November 17, 2015	Certificate of attendance of key officers and Board of Directors on Corporate Governance Seminar
	November 17, 2015	Appointment of Mr. Renato G. Nuñez as replacement of Mr. Manuel Orros as Chairman and member of Audit Committee.
	November 23, 2015	Resignation of Mr. Stephen Michael I. Harn as VP/Head of Sales Services.

SIGNATURES

Pursuant to Section 17 of the SRC and Section 141 of the Corporation Code the Registrant has duly caused this report to be signed in behalf of the undersigned, thereunto duly authorized in Pasig City on April ______, 2016.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
Registrant

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

ANDREW D. ALCID
President
(Chief Executive Officer)

VINCENT FISCHER
(Chief Finance Officer)

MARISSA BONTOGON
Controller

MARK ANTHONY M. RAMOS
Accounting Manager

ATTY. REX P. BONIFACIO
Corporate Secretary

APR 29 2016

SUBSCRIBED AND SWORN to before me this ______ day of April , 2016, affiants exhibiting to me their ID, as follows:

Names	ID Number	Date of Issue	Place of Issue
Andrew D. Alcid	CCI2014 0496 3396	March 24, 2015	Makati City
Vincent Fischer	CCI 2013 28753603	March 23, 2015	Quezon City
Marissa Bontogon	NO29734760079	March 18, 2015	Quezon City
Mark Antony Ramos	NBC0800 8321	September 23, 2014	Quezon City
Atty. Rex P. Bonifacio	NBC13 ADI-093	December 2014	Manila

ATTY. RICHARD [illegible]
NOTARY PUBLIC until December 31, 2016
FOR CITY OF MANILA PHILIPPINES
IBP LIFETIME NO. 05179/02 25 05/MLA.
PTR NO. 4922461 01/05/16 Mla.
Roll No. [illegible]
MCLE COMPLIANCE NO. IV-00238501 3/16/14
[illegible] AND ASSOCIATES LAW OFFICE

DOC. NO. 439
PAGE NO. 90
BOOK NO. 78
SERIES OF 2016

EXHIBIT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sales of Skyline Tower slowed down as fewer units became available to buyers while new sales were booked on sale of Icon Plaza units and Sky Villas which is 98.10% and 70.85% completed respectively, as of year-end. Gross Profit from the sale of condominium units in 2015 amounted to about P63.14 million higher by P61.78 million from 2014.

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

	VERTICAL			HORIZONTAL		
	2015	2014	2013	2015	2014	2013
Sale of real estate	76.20%	34.97%	49.52%	48.39%	0.20%	(52.67%)
Other income	23.80%	50.54%	26.83%	(263.98%)	(29.19%)	399%
Other expense	7.08%	0.05%	2.15%	8,878.16%	(96.99%)	752.58%
Cost of real estate	58.26%	34.71%	47.18%	14.32%	4.37%	(47.79%)
General and administrative expense	77.91%	40.28%	38.20%	31.74%	49.59%	(0.26%)

The Group posted a net loss of P156.7 million in 2015, net income of P140.7 in 2014, P39.35 million in 2013, and P4.22 million in 2012. The sale of real estate pertains to units sold at Skyline Tower and Skyvillas located at New Manila, Quezon City and Icon Plaza located at Bonifacio Global City. Other income consists of gain on sale of investment property, AFS investments, trading investments, sales cancellation in 2013.

Our property management subsidiary, PRHC Property Managers, Inc. (PPMI), registered a net loss of P0.20 million, which decreased by 107% from last year's net income of P2.8 million due to increase in total expenses. Currently, PPMI manages a total of 11 buildings located in various cities in Metro Manila.

Tektite Insurance Brokers, Inc. (TIBI) the Group's insurance brokerage firm posted a net income of P1.5 million from last year's net loss of P.575 million, due to increase in total commission revenue.

Consolidated general and administrative expenses increased to 389.50 million in 2015 from P208.17 million in 2014 due to additional manpower hired by the parent Company, expenses incurred by Sultan Powers Inc. in 2015, and decrease in market value of Sinophil shares

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

	VERTICAL			HORIZONTAL		
	2015	2014	2013	2015	2014	2013
Cash and cash equivalents	4.93%	5.19%	9.43%	(7.81%)	(51.76%)	(39.75%)
Trading Investments	0.51%	1.17%	0.29%	(57.24%)	250.26%	(48.29%)
Available for-sale investments (AFS)	3.09%	4.26%	2.88%	(29.65%)	29.87%	(67.76%)
Held to maturity investments (HTM)	0.03%	0.03%	0.00%	0.00	0.00%	(100.00%)
Trade and other receivables	24.81%	27.08%	17.41%	(11.06%)	36.42%	(14.45%)
Real estate inventories	39.34%	35.15%	26.06%	8.67%	18.25%	10.49%
Real estate held for sale and development	6.10%	5.92%	24.75%	0.00%	(79.03%)	0.00%
Investment in and advances to associates	2.71%	2.74%	1.26%	(4.03%)	91.31%	20,405.40 %
Property and equipment	3.02%	3.11%	2.60%	(5.54%)	4.75%	49.12%
Investment properties	6.85%	7.12%	7.59%	(6.58%)	(17.72%)	(28.63%)
Deferred Tax Assets	0.56%	0.46%	0.48%	18.06%	(16.37%)	87.06%)
Trade and other payables	8.03%	5.96%	3.21%	30.75%	62.82%	(67.34%)
Unearned Income	1.40%	1.95%	2.05%	(30.03%)	(16.59%)	(48.06%)
Retirement Benefit Obligation	1.99%	1.71%	1.88%	12.96%	(20.12%)	27.28%
Reserves	4.61%	5.83%	4.40%	(23.22%)	16.22%	(58.12%)

The Company's total assets stood at P3.09 billion as of year-end 2015, lower by P92.7 million from the year 2014. The Company's real estate assets comprise of 45.44%, 41.07%, and 50.81% of the total assets of the Company for 2015, 2014 and 2013, respectively.

As at year-end, cash and cash equivalents reached P152.46 million, which is about 4.93% of the total assets. Cash flow from operations, generated mainly from collections of receivable accounts, commission, lease rentals, management and consultancy fees, were utilized to settle current payables. The cash and cash equivalents decreased by 7.81% because of increased operational activities by the parent Company.

The decrease in the Trading investments of 57.24% was due to the decrease in the market value of Sinophil Corporation which is stock investment of the parent Company. Likewise, the decrease in the Available for sale investments was also mainly due to decrease in market value of A Brown shares.

Trade and other receivables decreased in 2015 by 11.06% due to efficient collection of outstanding receivables.

The increase in Real estate inventories was due to additional cost capitalized for the Skyvillas project.

Unearned income decreased due to the recognition of percentage completed on sale of Icon Plaza and Skyvillas units as of year-end 2015.

There were increases in Deferred tax asset and Retirement benefit obligation of 18.06% and 12.96%, respectively. The reason for the increase is due to increase in retirement benefits because of additional manpower.

Top Five Performance Indicators	**2015**	**2014**
Gross Revenue	**P 337,144,343**	**P 240,724,209**
Current Ratio = Current Assets / Current Liabilities	**2,437,578,416 / 242,235,407 = 10.06**	**2,509,289,817 / 252,071,141 = 9.95**
Debt-to-Equity Ratio= Liabilities / Equity	**0.01**	**0.00**
Book value per share=SHE + Subs. Rec. / # of shares outstanding	**3,236,683,422 / 4,877,907,002 = .66**	**3,375,339,516 / 4,877,907,002 = .69**
Earnings (loss) Before Interest, Tax, Depreciation and Amortization	**P(119,617,649)**	**P137,739,562**

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

The Company has filed with the court a petition for corporate rehabilitation with prayer for suspension of payments in 2002. Settlement has been reached with all the five creditor banks through dacion-en-pago, cash payments from the sale of assets and loan restructuring. The Company has completed another major component of the rehabilitation plan which is the completion of construction of the Andrea North Skyline Tower. This led to the Company’s filing of the Motion to terminate rehabilitation proceeding on the account of successful implementation of the Rehabilitation Plan last February 2011, however, the Rehabilitation Court denied the petition on the account that the Company has still substantial obligation to settle per Rehabilitation Plan.

As of December 20, 2013, the Company’s liabilities to the contractor, Andrea North Skyline buyers and unsecured creditors were already paid, such that, the Company has filed a motion to terminate the rehabilitation proceedings on the account of the successful implementation of the rehabilitation plan, which was granted on March 31, 2014.

EXHIBIT 3

SUBSIDIARIES OF THE REGISTRANT
(as of December 31, 2015)

Name	*% of Ownership*
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%

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**

2. **PHILIPPINE REALTY AND HOLDINGS CORPORATION**
   ....
   Exact name of registrant as specified in its charter

3. **ANDREA NORTH COMPLEX, 1 BALETE DRIVE COR. N. DOMINGO ST., NEW MANILA QUEZON CITY**
   Address of Principal Office   Postal Code

4. SEC Identification Number **99905**   5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **000-188-233**

7. **(02) 6313179 to 80**
   Issuer's Telephone number, including area code

8. ....
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	11

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
LANUZA JR., GERARDO ORTIGAS	ED			1981	June 30, 2015	ANNUAL	34
OLBES, ANTONIO ORTIGAS	ED			1987	June 30, 2015	ANNUAL	28
BACANI, AMADOR CARLOS	NED			1998	June 30, 2015	ANNUAL	17
LANUZA, GERARDO DOMENICO ANTONIO VERZOSA	ED			January 2009	June 30, 2015	ANNUAL	6
YANG, GREGORY	NED			August 2009	June 30, 2015	ANNUAL	6
NG, ANDREW	NED			August 2009	June 30, 2015	ANNUAL	5
ORROS, MANUEL ORTEGA	ID			2003	June 30, 2015; 12 years as ID	ANNUAL	12
ALCID, ANDREW	ED			November 20, 2012	June 30, 2015	ANNUAL	3
ERESO JR., MARIANO C.	NED			2006	June 30, 2015	ANNUAL	9
RACASA, FIDEL R.	NED			June 30, 2014	June 30, 2015	ANNUAL	2
NUNEZ, RENATO	ID			Aug 18, 2015	Aug 18, 2015; 4 months as ID	ANNUAL	4 months

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Corporate governance is a necessary component of what constitutes sound strategic business management.

Pursuant to this policy, the Company recognizes that the most cogent proof of good corporate governance is respect for the rights of all shareholders and other stakeholders, and prompt disclosure of any information that could potentially affect share price. Therefore, the Company binds itself to:

a. Protect the rights of investors/minority interest;
b. Conduct itself with utmost honesty and integrity in the discharge of its duties and responsibilities;
c. Insure adherence to corporate principles and best practices;

(c) How often does the Board review and approve the vision and mission?

As necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[1]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Gerardo O. Lanuza, Jr.	Greenhills Properties, Inc.	ED / Chairman
	Universal Travel Corporation	ED / Chairman
	Xcell Property Ventures, Inc.	ED / Chairman
	Meridian Assurance Corporation	ED / Chairman
Amador C. Bacani	PRHC Property Managers, Inc.	ED / Chairman
	Tektite Insurance Brokers,Inc.	ED / Chairman
	Xcell Property Ventures, Inc.	ED / President
	Universal Travel Corporation	ED / Treasurer
Antonio O. Olbes	Universal Travel Corporation	ED / Vice Chairman
	Greenhills Properties, Inc.	ED / Treasurer
Andrew D. Alcid	Meridian Assurance Corporation	ED / Treasurer
Gerardo Domenico Antonio V. Lanuza	Meridian Assurance Corporation	ED / President
Fidel R. Racasa	PRHC Property Managers, Inc.	ED / Corporate Secretary
	Meridian Assurance Corporation	ED / Corporate Secretary

(ii) Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Gerardo Domenico Antonio V. Lanuza	A Brown Co., Inc.	NED

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Gerardo O. Lanuza, Jr.	Greenhills Properties, Inc.	Chairman
	Universal Travel Corporation	Chairman
	Campos Lanuza & Co., Inc.	Nominee
	Meridian Assurance Corporation	Chairman
Gerardo Domenico Antonio V. Lanuza	A Brown Co., Inc.	Director
	Meridian Assurance Corporation	President
	Campos Lanuza & Co., Inc.	Vice President / Treasurer

[1] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not set a limit in the number of Board seats that an individual director or CEO may hold in other publicly-listed companies as long as their participation therein will not interfere with the proper and efficient discharge of their duties or undermine their loyalty to the Company.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director	N/A	N/A
CEO	N/A	N/A

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Antonio O. Olbes	6,388	500,000	.010%
Amador C. Bacani	229,980		.005%
Gerardo O. Lanuza, Jr.	174,024		.004%
Gregory Yang	100,000		.002%
Gerardo Domenico Antonio V. Lanuza	39,218,366	50,000,000 through Meridian Assurance Corporation	1.813%
Andrew D. Alcid		50,000	.000%
Mariano C. Ereso, Jr.	10,000		.000%
Andrew Ng	10,000		.000%
Manuel O. Orros	1		.000%
Renato Nunez	10,000		.000%
Fidel R. Racasa	1		.000%
TOTAL	**39,748,760**	**50,560,000**	**1.82%**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [/] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Mr. Gerardo O. Lanuza, Jr.
CEO/President	Mr. Andrew D. Alcid

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	**Chief Executive Officer**
Role	To manage and provide leadership to the Board of Directors of the Company.	Provide leadership to position the company at the forefront of the industry. Develop a strategic plan to advance the Company's mission and objectives and to promote revenue, profitability and growth as an organization. Oversee the Company's operations to insure production efficiency, quality, service, and cost-effective management of resources.
Accountabilities	He is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the President. He acts as the communicator for Board decisions where appropriate.	He is accountable to the Board and acts as general manager of the Company.
Deliverables	To act as a liaison between management and the Board; To provide independent advice and counsel to the CEO; To keep abreast generally of the activities of the Company and its management; To ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments; In concert with the CEO and the Corporate Secretary, to develop and set the agendas for meetings of the Board; To act as Chair at meetings of the Board; To review and sign minutes of Board meetings; To sit on other Committees of the Board where appropriate as determined by the Board; To call special meetings of the Board where appropriate; In concert with the CEO and the Corporate Secretary, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting; To act as Chair at meetings of	Develop a strategic plan to advance the Company's mission and objectives and to promote revenue, profitability, and growth as an organization; Approve the Company's operational procedures, policies, and standards; Review activity reports and financial statements to determine progress and status in attaining objectives and revise objectives and plans in accordance with current conditions; Execute all resolutions of the Board of Directors through the President/CEO; Submit to the Board as soon as possible after the close of the fiscal year, and to the shareholders at each annual meeting, a complete report of the operations of the Company for the preceding year, and the state of its affairs, and shall from time to time, report to the Board, all matters within his knowledge which the interests of the Company may require to be brought to its notice; To do and perform such other duties as from time to time may be assigned to him by the Board of Directors

	shareholders; To recommend to the Board, after consultation with the Directors, management and the Nomination Committee, the appointment of members of the Committees of the Board; To assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors; and To perform such functions and assume such responsibilities as the Board may, from time to time, entrust or designate to him.	

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors adheres to the principles of transparency, equal opportunity and good leadership in making decisions on matters affecting the management of the Company. In line with these principles, the Board pre-screens and shortlists all candidates nominated to become a President to make sure that they possess all the qualifications and none of the disqualifications provided for by law, and only after a rigid process of qualification and elimination that the succeeding President is chosen and elected by the Board.

For key management positions other than the CEO, performance management and succession planning system is in place. At the end of each year, performance evaluation is conducted by the immediate superiors upon which recommendations for promotion are based. Internal sourcing is the default method in filling in vacant positions; however, for lack of qualified internal candidates, external sourcing is utilized.

4) Other Executive, Non-Executive and Independent Directors

Succession in executive positions (other than the CEO) and non-executive positions are done through election process during the Organizational Meeting of the Board of Directors following the Annual Stockholders' Meeting. All candidates undergo the process of nomination and selection during which each nominee will be asked to state their qualifications for the position and their past services to the Company. If there are two or more nominees for the position, the Chairman of the Meeting will submit the matter for votation until a winning candidate is elected. If there is only one nominee, and there is no objection from the members of the Board, the Chairman of the Meeting will then declare the said nominee as elected.

As to the nomination and election of Independent Directors, the Board follows the Guidelines on the Nomination and Election of Independent Directors as provided in the S.E.C. Memorandum Circular No. 16, Series of 2002.

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Company's Board of Directors is composed of individuals who are engaged in various businesses and undertakings to insure a high standard of best practice for the Company and its stakeholders.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Majority of the members of the Company's Board of Directors is either involved in or has experience in the businesses in which the Company is engaged in.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Responsible for the successful leadership and management of the organization according to the strategic direction set by the Board of Directors.	Responsible for the successful leadership and management of the organization according to the strategic direction set by the Board of Directors.	Provide inputs to all key-decisions, such as strategies, performance evaluation and risk evaluation, affecting the Company.
Accountabilities	Accountable for the Company's organizational and operational controls.	Accountable for the Company's organizational and operational controls.	Accountable for the minority's representation in the Board.
Deliverables	Participate with the Board of Directors in the formation of vision and strategic plan to guide the organization; Identify, assess, and inform the Board of Directors of internal and external issues that affect the Company; Act as a professional advisor to the Board of Director on all aspects of the Company's activities; In addition to the Chair of the Board, act as a spokesperson for the Company; Conduct official correspondence on behalf of the Board as appropriate and jointly with the Board when appropriate; Develop an operational plan which incorporates goals and objectives that work towards the strategic direction of the Company; Ensure that the operation of the Company meets the expectations of its clients and the Board;	Participate with the Board of Directors in the formation of vision and strategic plan to guide the organization; Identify, assess, and inform the Board of Directors of internal and external issues that affect the Company; Act as a professional advisor to the Board of Director on all aspects of the Company's activities; In addition to the Chair of the Board, act as a spokesperson for the Company; Conduct official correspondence on behalf of the Board as appropriate and jointly with the Board when appropriate; Develop an operational plan which incorporates goals and objectives that work towards the strategic direction of the Company.	Prepare themselves thoroughly for the meeting; Be objective in forming sound decisions relating to the Company and its business; Be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates; Be committed to decisions made as a Board; Continuously seek information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the Company's operations; Be informed on laws and regulations influencing their functioning as directors; Utilize the expertise they possess to the good advantage of the Company; Act in the larger genuine interest of true growth & development of the Company.

	Oversee the efficient and effective day-to-day operation of the Company; Draft policies for the approval of the Board and prepare procedures to implement the Company policies; Review existing policies on an annual basis and recommend changes to the Board as appropriate; Provide support to the Board by preparing meeting agenda and supporting materials; Oversee the planning, implementation and evaluation of the organization's programs and services; Work with staff and the Board's Committee to prepare a comprehensive budget; Work with the Board to secure adequate funding for the operation of the Company; Approve expenditures within the authority delegated by the Board.		

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company associates "independence" with self-sufficiency, impartiality, disinterestedness and neutrality. To comply with this definition, the Company's By-Laws has been amended to provide the nomination and election of two (2) Independent Directors sitting either as member or Chairman of the various Board committees.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company adheres to the provisions of S.E.C. Memorandum Circular No. 9, Series of 2011, which limits to five (5) consecutive years the term of independent directors. Pursuant thereto, the Company's independent directors who had served for 5 consecutive years are allowed to serve for another 5 years after undergoing a "cooling off" period of two (2) years.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Kirk Steven Young	Independent Director	07/22/2015	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Executive Directors are elected annually by the Board of Directors, at its first meeting following the annual stockholders' meeting. They are elected by the majority of the members of the Board. They are subject to the same qualifications and disqualifications applicable to a director and can be removed at any time by the Board of Directors.	General principle of transparency, accountability and fairness.
(ii) Non-Executive Directors	Non-Executive Directors are elected annually by the stockholders during a stockholders meeting. They are subject to the qualifications and disqualifications as provided in the Corporation Code and the Company's Manual on Corporate Governance. They can be removed by the stockholders representing at least 2/3 of the Company's outstanding capital stock in a regular or special meeting of the stockholders duly called for the purpose.	General principle of transparency, accountability and fairness.
(iii) Independent Directors	Independent Directors are nominated and elected in accordance with the Guidelines for the Nomination and Election of Independent Directors (S.E.C. Memorandum Circular No. 16, Series of 2002). They are subject to the qualifications and	As per S.E.C. Memorandum Circular No. 16, Series of 2002

	disqualifications as provided in the Guidelines and can be removed also in accordance with the said Guidelines. Re-election of the Company's Independent Directors is subject to 5 years limitation with 2 years "cooling off" period after 5 years. They cannot serve more than 10 years as Independent Directors of the Company.	
b. Re-appointment		
(i) Executive Directors	The same procedure as in A (i) is observed	General principle of transparency, accountability and fairness.
(ii) Non-Executive Directors	The same procedure as in A (ii) is observed	General principle of transparency, accountability and fairness.
(iii) Independent Directors	The same procedure as in A (iii) is observed	General principle of transparency, accountability and fairness.
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board in the accordance with the qualifications and disqualifications provided for by law, rules and regulations, and the Company's Manual on Corporate Governance.	General principle of transparency, accountability and fairness.
(ii) Non-Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board in the accordance with the qualifications and disqualifications provided for by law, rules and regulations, and the Company's Manual on Corporate Governance.	General principle of transparency, accountability and fairness.
(iii) Independent Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become an Independent Director in accordance with the Guidelines for the Nomination and Election of Independent Directors.	General principle of transparency, accountability and fairness.
d. Temporary Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board in the accordance with the qualifications and disqualifications provided for	General principle of transparency, accountability and fairness

	by law, rules and regulations, and the Company's Manual on Corporate Governance. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	
(ii) Non-Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board in the accordance with the qualifications and disqualifications provided for by law, rules and regulations, and the Company's Manual on Corporate Governance. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	General principle of transparency, accountability and fairness
(iii) Independent Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become an Independent Director in accordance with the Guidelines for the Nomination and Election of Independent Directors. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	General principle of transparency, accountability and fairness
e. Removal		
(i) Executive Directors	Any director of the Company may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock. The removal shall take place either at a regular meeting of the Company or at a special meeting called for the purpose,	General principle of transparency, accountability and fairness

	and in either case, after previous notice to stockholders of the Company of the intention to propose such removal at the meeting. A special meeting of the stockholders of the Company for the purpose of removal of any director must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any stockholder of the Company signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice as prescribed in the Corporation Code. The vacancy resulting from such removal may be filled by election at the same meeting without further notice, or at any regular or at any special meeting called for the purpose, after giving notice as prescribed by the Corporation Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code. (Section 28, Corporation Code of the Philippines).	
(ii) Non-Executive Directors	The same procedure as in the removal of Executive Director is observed.	General principle of transparency, accountability and fairness
(iii) Independent Directors	The same procedure as in the removal of Executive Director is observed.	General principle of transparency, accountability and fairness

f. Re-instatement		
(i) Executive Directors	The same procedure as in the election/appointment of an Executive Director is observed.	General principle of transparency, accountability and fairness
(ii) Non-Executive Directors	The same procedure is observed as in the election/appointment of Non-Executive Director.	General principle of transparency, accountability and fairness
(iii) Independent Directors	The same procedure as in the election/appointment of an Independent Director is observed.	General principle of transparency, accountability and fairness
g. Suspension		
(i) Executive Directors	A recommendation to suspend a Director must be presented to the Board through the Chairman of the Board by a notice supported by a minimum of three (3) voting members of the Board. The Board of Directors will review the information and, if deemed necessary, shall conduct an investigation to determine the merits of the allegations. If the Board of Directors finds that there is sufficient evidence to support a recommendation to suspend, the Corporate Secretary shall notify the subject member(s). Notification shall be made in accordance with the Company By-Laws, at least thirty (30) days prior to the vote. The Board of Directors shall hold a vote, by confidential ballot, to confirm the suspension of the member. A simple majority is required for the suspension to come into effect. The terms of the suspension shall remain in effect until lifted by the Board of Directors.	General principle of transparency, accountability and fairness
(ii) Non-Executive Directors	The same procedure as in the suspension of Executive Director is observed.	General principle of transparency, accountability and fairness
(iii) Independent Directors	The same procedure as in the suspension of Executive Director is observed.	General principle of transparency, accountability and fairness

(c) Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Gerardo O. Lanuza Jr.	3,464,791,242
Antonio O. Olbes	3,464,791,242
Amador C. Bacani	3,464,791,242
Gregory Yang	3,464,791,242
Mariano C. Ereso	3,464,791,242
Gerardo Domenico Antonio V. Lanuza	3,464,791,242
Andrew Ng	3,464,791,242
Andrew David Alcid	3,464,791,242
Manuel Orros	3,464,791,242
Kirk Steven Young*	3,464,791,242
Fidel R. Racasa	3,464,791,242

* Resigned July 11, 2016

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

New directors are given an orientation program to familiarize themselves with the Company's businesses and operations as well as their responsibilities and duties as directors. As part of the continuing education process for directors, the Company's officers prepare and present programs concerning the Company's strategies, initiatives and business plans; arrange for presentations by outside parties concerning industry issues and general business and regulatory matters; and conduct on-site meetings with Company personnel. Directors are encouraged to attend, at the Company's expense, appropriate third-party programs relating to their continuing education especially on SEC and/or PSE-required seminars/workshops.

(b) State any in-house training and external courses attended by Directors and Senior Management[2] for the past three (3) years:

All the members of the Board of Directors, executive and non-executive, including the Corporate Secretary, had attended the required Corporate Governance and Anti-Money Laundering Act Seminar as part of the Company's continuing education program for its directors and officers.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Gerardo O. Lanuza, Jr.	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Antonio Olbes	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Amador Bacani	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Manuel Orros	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Andrew Ng	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Fidel Racasa	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Mariano Ereso	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices

[2] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Gregory Yang	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Andrew Alcid	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Gerardo Domenico Antonio Lanuza	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Rex Bonifacio	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices
Renato Nunez	November 17, 2015	Corporate Governance for Old Directors/ Officers	Center for Best Gobal Practices

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Company prohibits conflict of interest, whether such interest is personal, social financial or political, as long as it interferes with the interest of the Company as a whole. Directors, officers and employees should avoid any direct or indirect business connection with the Company's customers, suppliers or competitors, except on the Company's behalf. They are expected to avoid activities that might interfere with the proper and efficient discharge of their duties or which might be inconsistent with their obligations of loyalty to the Company.	The same policy is observed.	The same policy is observed.
(b) Conduct of Business and Fair Dealings	Directors, officers and employees should endeavor to deal fairly with the Company's customers, suppliers and competitors. They should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. They should	The same policy is observed.	The same policy is observed.

	never pay or receive kickbacks for obtaining business for or from the Company.		
(c) Receipt of gifts from third parties	The Company prohibits paying or receiving money, gifts, services, loans or other favors that may influence business decisions or compromise independent judgment. No gift or entertainment should ever be offered, given, provided or accepted by any director, officer or employee unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations.	The same policy is observed.	The same policy is observed.
(d) Compliance with Laws & Regulations	Compliance with laws, rules and regulations both in letter and in spirit is the foundation upon which the Company's ethical standards are built. While directors, officers and employees of the Company are not expected to know every law that is applicable to the Company, it is important that they ask questions and seek advice from supervisors, managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of an action taken, or not taken, on behalf of the Company.	The same policy is observed.	The same policy is observed.
(e) Respect for Trade Secrets/Use of Non-public Information	Directors, officers and employees of the Company are required to maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated.	The same policy is observed.	The same policy is observed.

(f) Use of Company Funds, Assets and Information	Directors, officers and employees should protect the Company's assets (which include Company funds, property and time) and ensure their efficient use. All Company assets should be used for legitimate business purposes. Company assets and equipment should only be used for Company business, although incidental personal use of assets may be permitted in some circumstances and with prior approval from the management.	The same policy is observed.	The same policy is observed.
(g) Employment & Labor Laws & Policies	Compliance with labor laws and policies is the Company's paramount goal to preserve good working relationship with its directors, officers and employees. The Company undertakes to observe and enforce within its organization labor standard, welfare and labor relations laws.	The same policy is observed.	The same policy is observed.
(h) Disciplinary action	The Company will not condone any type of harassment, abuse or punishment, whether corporal, mental or physical, of a director, officer or employee by another director, officer or employee or any partner, customer, business associate or supplier of the Company.	The same policy is observed.	The same policy is observed.
(i) Whistle Blower	The Company promotes ethical behaviour. Directors, officers and employees are encouraged and obligated to report violations of laws, rules, regulations, or the Company's Manual on Corporate Governance.	The same policy is observed.	The same policy is observed.
(j) Conflict Resolution	The Company believes that conflicts and disputes can be resolved not only by	The same policy is observed.	The same policy is observed.

	court litigation but also through mediation and voluntary compromise. Towards this end, the Company shall see to it that all conflicts or disputes with shareholders, customers, suppliers and other third parties are submitted at the first instance to all available methods of conflict or dispute resolution before resorting to court litigation.		

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?
Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Good Governance and Audit Committee, Internal Audit Department and HR Department put in place monitoring systems and conduct periodic assessment to ensure that the company's Code of Conduct is diligently observed corporate-wide. Sanctions are meted out depending on the gravity of offense.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The company exercises arms-length transactions with all its related entities and individuals to safe-guard its business interests and promote professional ethics.
(2) Joint Ventures	Same as above
(3) Subsidiaries	Same as above
(4) Entities Under Common Control	Same as above
(5) Substantial Stockholders	Same as above
(6) Officers including spouse/children/siblings/parents	Same as above
(7) Directors including spouse/children/siblings/parents	Same as above
(8) Interlocking director relationship of Board of Directors	Same as above

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	The concerned director/officer/stockholder is advised to inhibit from the transaction
Group	The same as above

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[3] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
none		

[3] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Greenhills Properties, Inc.	Principal Shareholder	Owns 35.67% shares of stocks
	Customer/Buyer	Buyer of condominium units in Icon Plaza Project
Campos Lanuza & Co., Inc.	Related Party	With common shareholder and director
A Brown Co., Inc.	Related Party	Affiliate with common director

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
none		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Mediation/Voluntary Compromise
Corporation & Third Parties	Mediation/Voluntary Compromise
Corporation & Regulatory Authorities	Mediation/Voluntary Compromise

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The Company's Board of Directors' meetings are scheduled every month to give the members of the Board the flexibility to manage their affairs.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Gerardo O. Lanuza Jr.	June 30, 2015	12	11	92%
Member	Antonio O. Olbes	June 30, 2015	12	9	75%
Member	Amador C. Bacani	June 30, 2015	12	12	100%
Member	Gregory Yang	June 30, 2015	12	10	83%
Member	Mariano C. Ereso	June 30, 2015	12	11	92%
Member	Gerardo Domenico Antonio V. Lanuza	June 30, 2015	12	11	92%
Member	Andrew Ng	June 30, 2015	12	9	75%
Member	Andrew David Alcid	June 30, 2015	12	10	83%
Member	Fidel R. Racasa	June 30, 2015	12	10	83%
Independent	Manuel Orros	June 30, 2015	12	12	100%
Independent	Renato Nunez*	June 30, 2015	12	3	25%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The minimum quorum requirement for Board decisions is set at majority, except those transactions which under the law requires two-third (2/3) votes of the Board.

5) Access to Information

(a) How many days in advance are board papers[4] for board of directors meetings provided to the board?

The members of the board are furnished with Board papers one (1) day before the scheduled meeting unless a member requested for it in advance.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary is the keeper of the official records and minutes of the meetings of the Board of Directors of the Company. His duties and responsibilities include the following:

a. Safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company.

b. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

c. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so.

d. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

e. Perform all other duties as required by law.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [/] No [ ]

Committee	Details of the procedures
Executive	The requesting director submits a written request to the CEO/President

[4] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Audit	The requesting director submits a written request to the committee Chairman
Nomination	The requesting director submits a written request to the committee Chairman
Remuneration	The requesting director submits a written request to the committee Chairman
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

There is no existing procedure which the Board Members are required to observe before getting external advice. However, it is the policy of the Board to seek advice from the Company's lawyers and consultants on difficult questions of law and procedures before making a decision on all matters affecting the Company.

Procedures	**Details**

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There have been no major changes in the Company's existing policies introduced by the Board during its most recent term.

Existing Policies	**Changes**	**Reason**

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	**CEO**	**Top 4 Highest Paid Management Officers**
(1) Fixed remuneration	Performance evaluation for the past year and industry salary survey are conducted	Performance evaluation for the past year and industry salary survey are conducted
(2) Variable remuneration	none	none
(3) Per diem allowance	Based on level of company's operating activity and financial capacity	none
(4) Bonus	Based on approved profit-sharing policy	Based on approved profit-sharing policy
(5) Stock Options and other financial instruments	NA	NA
(6) Others (specify)	NA	NA

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Per diem and salary	Salary	Based on company's financial performance and industry standard
Non-Executive Directors	Per diem only as director	None	NA

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Per diem	June 30, 2015
Per diem	June 30, 2014
Per diem	October 30, 2013
Per diem	November 20, 2012

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	9,348,813	0	0
(b) Variable Remuneration	0	0	0
(c) Per diem Allowance	216,000	432,000	240,000
(d) Bonuses		0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
Total	9,564,813	432,000	240,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	0	0	0
2) Credit granted	0	0	0
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred		0	0
(e) Life Insurance Premium		0	0
(f) Hospitalization Plan		0	0
(g) Car Plan		0	0
(h) Others (Specify)	0	0	0
Total		0	0

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
NA				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
none		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Jose Ramon Olives - VP Marketing & Compliance Officer	
Vincent Fischer - Chief Finance Officer	P5,325,754
Erwin V. Ciar - Vice President/Head of Project and Construction Management	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	2	0				
Audit	0	2	1	YES	The functions of Audit Committee are the following: ➢ Increase the integrity and efficiency of the internal control process as well the financial reporting of the company ➢ Reviews policies regarding risk assessment and risk management Ensures effective implementation of Good Governance within the Organization	The audit committee has oversight responsibilities over the following areas: ➢ Financial reporting ➢ Risk Management and Internal Controls ➢ Internal audit ➢ External Audit	
Nomination	0	2	1				
Remuneration	0	2	1				

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Gerardo O. Lanuza, Jr.	07/19/2011	19	17	89	4 years
Member (ED)	Andrew D. Alcid	10/07/2014	19	19	100	1 year
	Gerardo Domenico Antonio V. Lanuza	07/19/2011	19	18	95	4 years
Member (NED)	Mariano C. Ereso, Jr.	10/07/2014	19	19	100	1 year
	Amador C. Bacani	07/19/2011	19	19	100	3 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Renato C. Nunez	11/17/2015				2 months
Member (NED)	Amador C. Bacani	10/07/2014				1 year
	Mariano C. Ereso, Jr.	07/19/2011				4 years

Disclose the profile or qualifications of the Audit Committee members.

Each member must be financially literate and must have accounting or related financial management knowledge. At least one (1) member of the committee shall have the following attributes as determined by the Board:

i. An understanding of Philippine Financial Reporting Standards ("PFRS");
ii. Ability to assess the general application of such principles in connection with the accounting for estimates and accruals;
iii. An understanding of basic internal controls;
iv. Knowledge in auditing and reviewing or analyzing financial statements of the Company; and
v. An understanding of Audit committee functions.

Describe the Audit Committee's responsibility relative to the external auditor.

To carry out its purposes, the Committee shall have the following responsibilities:

OVERSIGHT ON EXTERNAL AUDIT

a. Endorse to the BOD the appointment of external auditor and their remuneration.

b. Review the proposed audit scope and approaches of the external auditor and its coordination with internal audit, revise as necessary for approval of the BOD.

c. Review the performance of the external auditor and endorse its re-appointment or discharge.

d. Review reports of external auditor and regulatory agencies and ensure that management is taking timely corrective actions.

e. Meet with external auditors regarding matters that need to be discussed privately.

f. Review and evaluate the qualifications, performance and independence of the External Auditor and its lead audit partner primarily responsible for the audit of the Company's financial accounts.

g. Ensure that the External Auditor or its lead audit partner primarily responsible for the audit or review of the Company's financial accounts is rotated at least once every five (5) years or such shorter or longer period provided under the SEC Good Governance Guidelines or other applicable laws and regulations.

h. Review and approve in consultation with the Internal Audit Head and the head of the finance organization, non-audit services to be performed by the External Auditor and all fees to be paid to the External Auditor for such services; and ensure that non-audit services, if allowed or approved, are disclosed in the Company's annual report.

i. The Committee shall ensure Management competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.

j. Ensure completeness and timeliness of Communication with external auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that has effect the on audit and financial reporting.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Andrew Ng	10/07/2014				1 year
Member (NED)	Mariano C. Ereso	10/07/2014				1 year
Member (ID)	Manuel O. Orros	05/24/2011				4 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Andrew C. Ng	10/07/2014				1 year
Member (NED)	Mariano C. Ereso	10/07/2014				1 year
Member (ID)	Manuel O. Orros	05/24/2011				4 years

(e) Others

Provide the same information on all other committees constituted by the Board of Directors:

Procurement Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Andrew C. Ng	10/07/2014				1 year
Member (ED)	Gerardo O. Lanuza, Jr.	10/07/2014				1 year
	Gerardo Domenico Antonio V. Lanuza	10/07/2014				1 year
Member (NED)	Amador C. Bacani	10/07/2014				1 year
	Mariano C. Ereso	10/07/2014				1 year

Retirement Plan Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Antonio O. Olbes	10/07/2014	1	1	100	1 year
Member (ED)	Andrew D. Alcid	10/07/2014	1	1	100	1 year
	Gerardo Domenico Antonio V. Lanuza	10/07/2014	1	1	100	1 year
Member	Vincent Fischer	10/07/2014	1	1	100	1 year

Project Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Andrew D. Alcid	10/07/2014	48	48	100	1 year
Member (ED)	Gerardo Domenico Antonio V. Lanuza	10/07/2014	48	32	67	1 year
Member	Vincent Fischer	10/07/2014	48	48	100	1 year
	Erwin Ciar	10/07/2014	48	48	100	1 year

Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Andrew D. Alcid	10/07/2014	48	48	100	1 year
Member (ED)	Gerardo Domenico Antonio V. Lanuza	10/07/2014	48	32	67	1 year
Member	Vincent Fischer	10/07/2014	48	48	100	1 year
	Erwin Ciar	10/07/2014	48	48	100	1 year
	Jose Ramon D. Olives	10/07/2014	48	48	100	1 year

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive		
Audit	Manuel Orros	Replaced by Renato Nunez
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	New project to be launched	Operational continuity; financial
Audit	Audit Charter	SEC requirement and guidelines for members
Nomination		

Remuneration	Compensation adjustment	Compensation at par with industry
Others (Procurement Committee)		
Others (Retirement Plan Committee)		
Others (Project Committee)		
Others (Management Committee)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit	Audit Committee seminar (c/o SEC)	Continuing education
Nomination		
Remuneration		
Others (Procurement Committee)		
Others (Retirement Plan Committee)		
Others (Project Committee)		
Others (Management Committee)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company.

Risk management is an essential component of effective corporate governance and an integral part of a sound management practice. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Audit Committee's roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Directors. The Committee assists the BOD in fulfilling its oversight responsibility to the shareholders particularly on the quality and integrity of the risk management process.

The Committee has reviewed the effectiveness and adequacy of the Company's risk management system, including any updates on its procedures and processes. The Committee reports to the BOD during its meetings.

(c) Period covered by the review;

For the year ended December 31, 2015.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

At least annually.

The BOD monitors the effectiveness of risk management and receives regular updates on any potential risks (operational, financial and etc.) facing the Company.

The Company's assessment on the effectiveness of its risk management system is based on the results, where there is an appropriate risk culture and capability, decisions (at all levels) are based on an understanding and consideration of risks, complete information on a timely basis on organization's residual risk status and reporting and communication.

The Company's risk management processes should:

1. Provide reasonable level of assurance that risks are identified (timely basis);
2. Fairly assessed; and
3. Appropriate actions are taken.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Operational Risk	> Construction Safety policy > Three supplier/contractor quotation policy	> The objective of Health, Safety and Environmental policy is for oversight and implementations of all aspects of the company's health and safety programs and policies of the company to ensure zero casualties during construction. >Three supplier/ contractor quotation policy will help the company's achieve transparency and will avoid fraudulent activities regarding awarding of contracts to each supplier and contractor.
Financial Risk a. Foreign Exchange Rate Risk	The Company has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which have import components, are normally denominated in Philippine peso.	To avoid significant effect in the Company's financial position brought about by fluctuation in the exchange rates.
b. Interest Rate Risk	Cash and cash equivalents are short-term in nature and at the current interest rate level.	To avoid material impact on the profit or loss of the Company due to variation in interest rate.
c. Credit Risk	The Company ensures that sales are made to customers with appropriate credit history.	To avoid long outstanding receivable.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Financial Risk a. Foreign Exchange Rate Risk	The Company has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which have import components, are normally denominated in Philippine peso.	To avoid significant effect in the Company's financial position brought about by fluctuation in the exchange rates.
b. Interest Rate Risk	Cash and cash equivalents are short-term in nature and at the current interest rate level.	To avoid material impact on the profit or loss of the Company due to variation in interest rate.
c. Credit Risk	The Company ensures that sales are made to customers with appropriate credit history.	To avoid long outstanding receivable.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The Company strictly monitors the Policy Related Party Transactions to avoid abuse.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Operational Risk	Conduct of periodic audit. The risk is measure in terms of impact to the Company and likelihood to happen in the near future.	➢ Implementing three supplier/contractor quotation policy before awarding of a particular project and contract. ➢ Reviewing the safety requirements of the construction area. ➢ Thorough and careful review of the status of the project on a weekly basis.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
> Failure of people, process and technology	Conduct of periodic audit. The risk is measure in terms of impact to the Company and likelihood to happen in the near future.	>The group has established business specific guidelines for their employees. >The group has also got

		comprehensive insurance program to provide protection against potential losses.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	>Audit Charter >Audit plan	> Increase the integrity and efficiency of the internal control process as well the financial reporting of the company > Reviews policies regarding risk assessment and risk management. > Ensures effective implementation of Good Governance within the Organization.
Project Committee	>Planning >Weekly status update	> Review and compare the construction project status against the construction plan. > Monitor and make recommendations regarding construction schedules. > Track project budgets, monitor expenditures, and make recommendations for budget modifications and contingency expenditures.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Philippine Realty and Holdings Corporation is committed to establish and maintain a system of Internal Control for the efficient and effective management of its resources, operations, reliability of financial reporting and compliance with applicable laws and regulations. And also, improve the overall effectiveness of risk management, control and processes.

General objective of Internal Control system are to ensure that:

- Effectiveness and efficiency of business operations;
- Safeguarding of assets;
- To prevent and detect fraud;
- Compliance with policies, plans, procedures, laws, regulations and contracts;
- Completeness and accuracy of accounting records and
- Reliability, integrity and timeliness in the preparation of financial and operational information.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee reviewed and found adequate the effectiveness of the system of internal control being implemented by the Corporation.

(c) Period covered by the review;

From January 1, 2015 to December 31, 2015

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
Where no review was conducted during the year, an explanation why not.

Annually. The director's criteria for assessing the effectiveness of the internal control system is whether the internal control fulfilled its function as stated in the general objectives of internal control (please refer to a).

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
➢ Evaluating the reliability and integrity of significant financial, managerial, and operating information and the means used to identify measure, classify, and report such information is accurate, reliable and timely. ➢ Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization. ➢ Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets. ➢ Evaluating the effectiveness and efficiency with which resources are employed.		In House internal Auditor	Dexter D. Tablada	**Functionally** – Audit Committee **Administratively** - President

➢ Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned. ➢ Monitoring and evaluating governance processes which includes reviewing the quality and continuous improvement program fostered in the organization's control process and interacting with related groups as needed. ➢ Monitoring and evaluating the effectiveness of the organization's risk management processes. ➢ Evaluating the quality of performance of external auditors and the degree of coordination with internal audit. ➢ Performing other non-assurance services related to governance, risk management and control as appropriate for the organization. ➢ Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. ➢ Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board. ➢ Monitoring all significant legislative and/or regulatory issues, impacting the				

organization, are properly recognized and addressed. ➢ Evaluating specific operations at the request of the Board, Audit Committee or Management, as appropriate. ➢ Recommend measures and solutions to findings reported to Audit Committee, Management and Board				

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

The Internal Auditor, with strict accountability for confidentiality and safeguarding of records and information, is authorized to:

1. At the appropriate level, have full, free, and unrestricted access to any and all functions, records, physical property, and personnel as necessary and related to the internal audit activity. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.
2. Have full, free and unrestricted access to the Audit Committee.
3. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
4. Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	**Completed the 2015 Annual Audit Plan**
Issues[5]	**N/A**

[5]"Issues" are compliance matters that arise from adopting different interpretations.

Findings[6]	As contained in the issued Audit Reports in 2015
Examination Trends	No material findings noted; generally adequate and effective internal control.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Three bids/quotations for suppliers and contractors	Implemented
Contracts bidded out to at least three (3) qualified contractors and suppliers	Implemented
Bids are opened in the presence of the Bidding Committee	Implemented
Complete supporting documents before processing of bills and payments made to contractors and suppliers	Implemented
All vouchers together with the supporting docs. Are stamped paid	Implemented
Maintenance of books of accounts	Implemented
All contracts and checks are signed by two signatories one Executive Director and one Executive Officer	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External and internal auditors report directly to the Audit Committee	NA	NA	NA

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Chairman of the Board, Mr. Gerardo O. Lanuza, Jr. , and the President, Mr. Andrew D. Alcid.

[6] "Findings" are those with concrete basis under the company's policies and rules.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company is committed to dealing with its customers fairly and justly.	Customers are given a fair price for their investment. The Company coordinates with government agencies in the protection of customer's rights through compliance with regulatory laws and customer rights awareness.
Supplier/contractor selection practice	The Company is committed to conducting its business with its supplier/contractor in accordance with the standards of fairness and equal opportunity for all.	The Company selects a contractor or supplier of materials through competitive bidding wherein at least three (3) bids/quotes are considered before a project or portion thereof is awarded.
Environmentally friendly value-chain	The Company is committed to conducting its business in compliance with all applicable environmental laws and regulations in a manner that has the highest regard for the environment and safety and well-being of its customers, employees and the general public.	The Company selects a contractor or supplier who uses or adopts environment friendly designs and materials.
Community interaction	The Company is committed in helping less fortunate but deserving youth leaders to fulfill their dreams to become useful to the society.	The Company has implemented a scholarship program and is currently subsidizing the education of two (2) deserving college students enrolled in University of the Philippines and College of Saint Benilde.
Anti-corruption programs and procedures?	Corruption is, in any form, an evil which seriously affects the political, economic, and social life of a nation, and therefore must be stopped. Towards this end, the Company is committed in setting up corruption prevention programs within its organization, such as conducting a competitive bidding before a project or portion thereof is awarded to a contractor or supplier. Early detection and preventive mechanisms are also functioning to help the Company detect any unusual disbursements or highly suspicious transactions.	The Company conducts periodic meetings with its contractors and suppliers to find out whether they are compliant with laws and good business practices. The Company also conducts site inspection to measure its contractors and supplier's level of compliance with existing laws on health and safety.
Safeguarding creditors' rights	The Company considers its creditors as partners for growth and success. Towards this end, the Company is committed in protecting its creditors' rights and interests in all its business dealings and transactions.	The Company has engaged the services of an Internal Auditor to see it that there is check and balance in the management of the Company funds.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

None

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company has the following supplemental benefits for its employees (a) Healthcare; (b) Group Life Insurance and (c) Retirement Fund.

(b) Show data relating to health, safety and welfare of its employees.

*The Company has spent P2,418,673 for healthcare and Group Life Insurance

(c) State the company's training and development programs for its employees. Show the data.

Seminar	Amount Spent
Corporate Governance, IC Circular and Risk Management	103,000
Re-Training of Accounting System	1,600,000
Total	1,703,000

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

The Company By-Laws has provided Profit Sharing equivalent to 5% of net income before tax.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

a. Employees who become aware of any wrongdoing or suspected wrongdoing, either financial or non-financial, are encouraged to report such matters as described below. An act of wrongdoing or suspected wrongdoing may relate to (i) financial matters such as auditing, accounting, or internal control issues, or (ii) non-financial matters such as a violation of Employees Code of Ethics or violation of law.

b. Any act of wrongdoing or suspected wrongdoing should be reported in the following manner:
i. Employees are encouraged to discuss any concerns first with their immediate superiors.
ii. Alternatively, employees may contact the Company's Compliance Officer or the Chairman of the Audit Committee or the President or the Chairman of the Company's Board of Directors.

c. For each reported instance of financial or non-financial wrongdoing, an inquiry or investigation will be undertaken. The officer in charge of the investigation will determine the appropriate scope, procedures, and resources for any inquiry or investigation based on the facts and circumstances of a reported matter. A confidential file for each report or complaint will be maintained in accordance with the Company's records retention policy. Results of all investigations will be reviewed on a quarterly basis.

d. The Company shall not take adverse employment action against an employee in retaliation for:
i. Any reports of actual or suspected financial or non-financial wrongdoing made in good faith;
ii. Providing information or causing information to be provided, directly or indirectly, in an investigation conducted by the Company or any local regulatory agency or authority;
iii. Reports concerning the violation of any applicable law, rules or regulations, including those governing safety, health, discrimination, and harassment.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	2,086,281,988	42.38%	"R"
Greenhills Properties, Inc.	1,755,779,066	35.67%	"B"
A Brown Company, Inc.	278,505,248	5.66%	"B"
Campos, Lanuza & Co., Inc.	275,346,201	5.06%	"R" / "B"

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
None			
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	No
Dividend policy	Yes
Details of whistle-blowing policy	No; not required for disclosure
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education program attended by each director/commissioner	No, not required for disclosure
Number of board of directors/commissioners meetings held during the year	No, with separate disclosure with SEC
Attendance details of each director/commissioner in respect of meetings held	No, with separate disclosure with SEC
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Maceda Valencia & Co.	**880,000**	**11,200**

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

a) Corporate website
b) Memoranda
c) Internal/external emails
d) meetings

5) Date of release of audited financial report: April 26, 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes, for major stockholder
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Greenhills Properties, Inc (GPI)	Ultimate Parent	Sale of real estate inventories	191,662,500
PRHC Property Managers, inc.	Subsidiary	Management fee	265,716

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The company exercises impartiality and treats transactions at arms-length to protect the interests of the company and its stakeholders.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the voting stock of the Company

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	At the Board of Directors' level, corporate acts are approved by a vote of majority of the Members of the Board. At the Annual Stockholders' Meeting, corporate acts already approved by the Board of Directors are submitted to the shareholders for ratification and confirmation. Except in cases requiring more than majority votes of the shareholders, a majority of the voting stock of the Company is enough to ratify and confirm a resolution approved by the Board.
Description	Approval, ratification and confirmation of corporate acts are made through a resolution duly made, seconded, and carried, after full discussion and debate by the Members of the Board and/or shareholders.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
NA	NA

Dividends

Declaration Date	Record Date	Payment Date
N/A		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

In every Annual Stockholders' Meeting, the stockholders are always welcome to ask questions in every stages of the meeting to ensure their participation in all matters affecting the Company. All questions are addressed directly to the Chairman or the President who answers them to the satisfaction of the stockholder.

Measures Adopted	Communication Procedure

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

It is the policy of the Company to submit to the stockholders for their approval any proposal to: (a) amend its Articles of Incorporation and By-Laws (b) Authorize additional shares and (c) transfer of all or substantially all assets, which in effect results in the sale of the Company.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
   Yes

   a. Date of sending out notices:
      May 25, 2015 (for Annual Stockholders' Meeting)

   b. Date of the Annual/Special Stockholders' Meeting:
      June 30, 2015 (Annual Stockholders' Meeting)

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.
   None

5. Result of Annual Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Election of Directors for the ensuing year	Unanimous	None	none
Appointment of External Auditor	Unanimous	None	none
Amendment of the Principal Office Address from "Metro Manila, Philippines" to "Andrea North Complex, 1 Balete Drive cor. N. Domingo St., New Manila, Quezon City", in compliance to SEC Memorandum Circular No. 6, Series of 2014	Unanimous	None	none

Result of Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

   The result is publish immediately after the Annual Stockholders' Meeting.

(e) Modifications-- None

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Gerardo O. Lanuza, Jr. Antonio O. Olbes Amador C. Bacani Gregory Yang Mariano C. Ereso Gerardo Domenico Antonio V. Lanuza Andrew Ng Andrew David Alcid	06/30/2015	By Poll	99.97%	0.03%	71.35%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. At every stockholders' meeting, every stockholder entitled to vote shall be entitled to one vote for each share of stock registered in his/her name in the books of the Company; provided, however, that in the case of the election of Directors, every stockholder entitled to vote shall be entitled to cast his vote, at his option, in accordance with the provisions of the Corporation Code.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

Every stockholder entitled to vote may vote in person or by proxy. Although the Company does not request for or solicit proxies from its stockholders, the following procedures were adopted by the Company for the guidance of the stockholders and proxy holders:

	Company's Policies
Execution and acceptance of proxies	Proxies must be in writing, signed by the stockholder or his duly authorized representative.
Notary	Proxies need not be notarized. However, a proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary of the corporation giving the proxy or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's certificate, duly notarized, quoting the board resolution authorizing the said corporate officer to execute the said proxy.
Submission of Proxy	Proxies must be submitted to the Corporate Secretary at least two (2) business days prior to the date of the meeting of Stockholders or prior to the date set by the Board of Directors for the submission thereof.
Several Proxies	If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time.

Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Proxies invalidated will not entitle the holder thereof to attend and vote on the matters specified therein during the meeting.
Validation of Proxy	Validation of proxies is done through a special committee of inspectors appointed by the shareholders during the Annual/Special Stockholders' Meeting. It shall have the power to pass on the validity of proxies. Any dispute that may arise pertaining thereto shall be resolved by the Securities and Exchange Commission upon formal complaint filed by the aggrieved party.
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Each stockholder of record must have a copy of the notice of Annual/Special Stockholder's Meeting at least twenty-five (25) days prior to the date of the meeting.	Copies of the Notice of Annual/Special Stockholders' Meeting are furnished to each stockholder of record either in person or by mail, addressed to each stockholder of record entitled or not entitled to vote at the meeting at the address left by such stockholder with the Corporate Secretary, or at his/her last known address. Certification to that effect is made by the Corporate Secretary during the meeting and included in the Minutes of the Meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	2,405
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 8, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 8, 2015
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes they were provided with hard copies

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	
Documents required for proxy vote.	One (1) Government issued I.D. for identification purposes and duly signed Proxy executed by the shareholder.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
It is the policy of the Company to protect the rights of investors/minority interests.	Each minority stockholder has the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
	No director shall be removed without cause if it will deny minority shareholders representation in the Board.
	Independent Directors are nominated by minority shareholders in accordance with Guidelines for Nomination and Election of Independent Directors approved by the Securities and Exchange Commission.
	The Company grants each shareholder, minority included, the right to: a) inspect corporate books, b) information, c) dividends, and c) the right to dissent and demand payment of the fair value of his shares in the manner provided by the Corporation Code.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Minority stockholders, by S.E.C. regulation, are entitled to nominate at least two (2) independent directors in the Board.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

   The President reviews and approves; not assigned to a committee but being undertaken by the Marketing Department.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To provide timely and accurate information to stockholders, other stakeholders and the public in general
(2) Principles	Transparency, objectivity and accountability
(3) Modes of Communications	Website, SEC/PSE disclosure, media
(4) Investors Relations Officer	President

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

   These transactions are discussed and approved by the Board in a meeting duly called for the purpose.

   Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

   Independent Appraiser

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Scholarship Grants	Regina Martha Aguilar – College of Architecture – UP Diliman
	Patricia Rianna Angeles – College of Interior Design – De La Salle College of St. Benilde

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Annual self-evaluation	1. Experience of the Board of Directors related to the current and future business of the Company; 2. The knowledge that the Board has gained and contributed related to the organization's affairs; 3. Independence of the Board; 4. Relationship of the Board with senior management and staff; 5. Impact of the Board on the internal operations of the organization; 6. Influence of the Board on the development and implementation of strategic plans; 7. Impact of the Board on external issues facing the organization.
Board Committees	Evaluation by Chairman of the Board	The same as the Board of Directors
Individual Directors	Annual self-evaluation	1. Attendance in the Board Meetings; 2. Participation in the discussion and resolution of the matters that require Board action; 3. Contribution to the Company business; 4. Commitment to the affairs of the organization; 5. Participation in the organization's strategy and policy discussions; 6. Participation in the review and approval of plans submitted by the management.
CEO/President	Annual evaluation by the BOD	1. Attendance and performance in the Board Meetings; 2. Implementation of the Company's mission and vision; 3. Participation in the formation of vision and strategic plan to guide the organization.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Director	1st violation – Oral reprimand 2nd violation – Written reprimand 3rd violation – Removal from office in accordance with Section 28 of the Corporation Code
Officers	1st violation – Oral reprimand 2nd violation – Written reprimand 3rd violation – Suspension from office. The duration of the suspension shall depend on the gravity of violation. 4th violation - Removal from office after notice and hearing
Employees	1st violation – Oral reprimand 2nd Violation – 1st written reprimand 3rd violation – 2nd written reprimand with 1 day suspension 4th violation – 3rd written reprimand with 3 days suspension 5th violation – 4th written reprimand with 5 days Suspension 6th violation – Dismissal after notice and hearing as required by the Labor Code of the Philippines and its Implementing Rules and Regulations

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MANILA on APR 2 8 2016, 20___.

SIGNATURES

GERARDO O. LANUZA, JR. **Chairman of the Board**	**ANDREW D. ALCID** **Chief Executive Officer**
MANUEL O. ORROS **Independent Director**	**RENATO G. NUNEZ** **Independent Director**
JOSE RAMON D. OLIVES **Compliance Officer**	

APR 2 8 2016

SUBSCRIBED AND SWORN to before me this ________ day of __________________ 20__ , affiant(s) exhibiting to me their __________________, as follows:

NAME/NO.	CTC No./ID No.	DATE OF ISSUE	PLACE OF ISSUE
Gerardo O. Lanuza, Jr.	31592070	February 7, 2015	Pasig City
Andrew D. Alcid	04963396	March 24, 2015	Makati City
Jose Ramon D. Olives	XO1-84-006046	January 31, 2013	Quezon City
Manuel O. Orros	A01-66-000681	January 26, 2012	Quezon City
Renato G. Nunez	33123035	January 14, 2015	San Juan City

ATTY. RICHARD F. ANOLIN
NOTARY PUBLIC until December 31, 2016
FOR CITY OF MANILA PHILIPPINES.
IBP LIFETIME NO. 05 05/MLA.
PTR NO. 4922461 01/05/16 Mla.
Roll No. 33596
MCLE COMPLIANCE NO. IV-00238501 8/16/14
RODULFO ANOLIN AND ASSOCIATES LAW OFFICE
2/F YMCA OF MANILA BLDG.
#350 ANTONIO VILLEGAS ST.,
ERMITA MANILA TEL. 525-05-86
EMAIL ADD: attyrichardanolin@yahoo.com
NOTARY PUBLIC

Doc No. 411
Page No. 83
Book No. 7C
Series of 2016

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015, 2014 and 2013

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION and SUBSIDIARIES (the Group)** is responsible for all information and fair presentation of the financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Maceda Valencia & Co., the independent auditors appointed by the stockholders for the period December 31, 2015, 2014 and 2013, has examined 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 examination.

Signature: GERARDO O. LANUZA JR.
Chairman of the Board

Signature: ANDREW D. ALCID
Chief Executive Officer/President

Signature: VINCENT FISCHER
Chief Financial Officer/Treasurer

Signed this 29th day of April

Subscribed and sworn to before me this APR 29 2016
Affiant exhibited to me CTC No.
issued on

Doc. No. 317;
Page No. 70;
Book No. 57;
Series of 2016

JOEL G. GORDOLA
Notary Public
Commission expires until December 31, 2017
Adm. No. 069; Roll No. 25103; IBP No. 1013094
PTR No. 1876282; 1/04/16; Q.C.
TIN 126-7[illegible]-809; MCLE No. V-0001531
Until 1 # 878 Quirino Hway, Gulod, Novaliches, Q.C.

5/F, Rm. 512-513 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605
Tel. Nos.: 631-3179 to 80, 631-8579 to 80 Fax: (632) 634-1504

BOA/PRC Registration No. 4748
BOA Category No. A6
SEC Accreditation No. 0196-FR-1
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
Andrea North Complex, Balete Drive corner
N. Domingo Street, New Manila, Quezon City

Report on the Consolidated Financial Statements

We have audited the accompanying 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, 2015 and 2014, and the consolidated statements of income, consolidated statements of total comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and 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 or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Suite 705 Midland Mansions
839 A. Arnaiz Avenue,
Makati City 1226 Philippines
Telephone +63 (2) 403 7228 to 30
Fax +63 (2) 403 7306

mvco@MVCo.com.ph
www.MVCo.com.ph | www.nexia.com

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Philippine Realty and Holdings Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for the years ended December 31, 2015, 2014 and 2013 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which indicates that the Group incurred comprehensive losses up to 2015 and is in a deficit position amounting to P1.8 billion as at December 31, 2015 which is principally attributable to Philippine Realty and Holdings Corporation (the "Parent Company"). This condition indicates the existence of a material uncertainty which may cast significant doubt about the Parent Company's ability to continue as a going concern. Management is aware of this condition and has accordingly instituted its plan and actions concerning these matters. On November 21, 2014, the Board of Directors and Shareholders of the Parent Company approved the amendments to the Parent Company's Articles of Incorporation to reduce the par value of the Parent Company's common shares from P1.00 per share to P0.50 per share and the additional paid in capital arising from the reduction of the par value will be subsequently applied to the Parent Company's accumulated deficit. On February 9, 2016, the SEC approved the Parent Company's quasi-reorganization thereby adjusting the total equity structure of the Parent Company starting year 2016. The Parent Company is continuing the development of the One Balete Project (previously Andrea North Project), starting with the second tower, Skyvillas whose construction and marketing is ongoing. In addition, the Parent Company plans to enter into joint venture agreements with Greenhills Properties, Inc. ("Land Owner") and also partner with investors to finance residential, office, commercial, leisure developments and master-planned township projects. Upon termination of the Parent Company's court-approved Rehabilitation Plan on March 18, 2014 after its successful implementation, the Parent Company was able to resume normal business operations without the supervision of a court approved receiver. Accordingly, the accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. It does not include any adjustments that may result from the outcome of this uncertainty.

Report on Other Legal and Regulatory Matters

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information shown in the Schedule showing financial soundness indicators (Part 1, 4D), Map of relationships of the companies within the Group (Part 1, 4H) and Schedule of Philippine Financial Reporting Standards effective as of December 31, 2015 (Part 1, 4J); Schedule of Financial Assets (Part 2, Annex 68-E, Schedule A); Schedule of receivables/payables with related parties eliminated during consolidation (Part 2, Annex 68-E, Schedule C), Schedule of Capital Stocks (Part 2, Annex 68-E, Schedule H) and Form 17-A as additional component required by Rule 68 of the Securities Regulation Code, as Amended, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements. The reconciliation of retained earnings available for dividend declaration (Part 1, 4C and Annex 68-C) is not presented because the Group is in a deficit position. 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 Rule 68 of the Securities Regulation Code.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 5369654
Issued on February 18, 2016 at Makati City
SEC Accreditation No. (individual) as general auditors 1169-AR-1, Category A;
Effective until April 30, 2018
SEC Accreditation No. (firm) as general auditors 0196-FR-1;
Effective until April 2, 2017
TIN 102-090-963
BIR Accreditation No. 08-005063-1-2015
Issued on February 2, 2015; effective until February 1, 2018
BOA/PRC Reg. No. 4748, effective until December 31, 2018

April 29, 2016
Makati City, Metro Manila
Philippines

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	Note	2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	*9*	**P152,459,897**	P165,378,359
Financial assets at fair value through profit or loss (FVPL)	*10*	**15,879,036**	37,132,575
Available-for-sale (AFS) financial assets	*11*	**95,544,306**	135,816,658
Trade and other receivables – net	*13*	**767,642,227**	863,081,771
Prepayments and other assets – net	*14*	**187,687,223**	186,635,197
Real estate inventories	*15*	**1,217,365,728**	1,120,245,257
Total Current Assets		**2,436,578,417**	2,508,289,817
Non-current Assets			
Held-to-maturity (HTM) financial assets	*12*	**1,000,000**	1,000,000
Real estate held for development - net	*16*	**188,653,713**	188,653,713
Investments in and advances to associates	*17*	**83,833,610**	87,351,978
Investment in joint venture	*18*	**61,383,253**	61,100,548
Property and equipment - net	*19*	**93,503,159**	98,983,495
Investment properties - net	*20*	**212,100,992**	227,050,049
Deferred tax assets - net	*36*	**17,249,329**	14,610,501
Total Non-current Assets		**657,724,056**	678,750,284
		P3,094,302,473	P3,187,040,101
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables - current portion	*21*	**P139,509,071**	P101,570,628
Unearned income	*22*	**43,466,339**	62,120,177
Loans payable	*23*	**59,259,997**	-
Total Current Liabilities		**242,235,407**	163,690,805
Non-current Liabilities			
Trade and other payables - net of current portion	*21*	**108,851,238**	88,380,336
Retirement benefit obligation	*24*	**61,685,609**	54,608,818
Total Non-current Liabilities		**170,536,847**	142,989,154
		412,772,254	306,679,959
Equity			
Capital stock	*27*	**4,515,841,396**	4,515,810,995
Reserves	*28*	**142,656,538**	185,793,618
Deficit		**(1,808,992,212)**	(1,653,279,819)
		2,849,505,722	3,048,324,794
Treasury stock		**(163,383,895)**	(163,383,895)
Equity attributable to equity holders of the parent		**2,686,121,827**	2,884,940,899
Minority interest	*29*	**(4,591,608)**	(4,580,757)
		2,681,530,219	2,880,360,142
		P3,094,302,473	P3,187,040,101

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	**2015**	2014	2013
INCOME				
Sales of real estate		**P268,214,803**	P180,748,212	P180,388,164
Management fees	*30*	**27,772,828**	25,369,686	24,978,228
Rent	*32*	**21,241,714**	26,340,497	26,990,136
Interest income	*33*	**14,813,697**	14,876,066	28,534,665
Commission	*31*	**9,376,674**	8,265,814	5,642,916
Gain on sale of AFS investments		**18,742**	19,537	580,597
Gain on sale of investment property	*20*	**-**	148,015,030	53,667,628
Income(loss) from investment in joint arrangement	*16*	**-**	84,670,731	-
Gain on sale of property and equipment		**-**	-	75,078
Gain on sales cancellation		**-**	-	3,145,213
Other income	*34*	**10,538,324**	28,518,506	40,985,821
		351,976,782	516,824,079	364,988,446
COSTS AND EXPENSES				
Cost of real estate sold		**205,076,701**	179,392,456	171,874,899
General and administrative expenses	*35*	**274,232,808**	208,165,403	139,154,484
Equity in net loss of an associate	*17*	**3,507,118**	1,723,857	21,912
Loss on sales cancellation	*20*	**-**	4,237,491	-
Loss on sale of property and equipment		**-**	364,303	-
Loss on partial disposal of a subsidiary	*39*	**-**	-	6,698,861
Other expenses	*36*	**21,412,695**	235,960	8,556,328
		504,229,322	394,119,470	326,306,484
FINANCE COST		**1,839,401**	-	-
INCOME (LOSS) BEFORE INCOME TAX		**(154,091,941)**	122,704,609	38,681,962
INCOME TAX EXPENSE	*37*	**2,637,714**	13,494,928	4,156,268
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(156,729,655)**	109,209,681	34,525,694
NET INCOME FROM DECONSOLIDATED OPERATIONS	*5*	**-**	-	4,820,822
NET INCOME (LOSS)		**(P156,729,655)**	P109,209,681	P39,346,516
Attributable to:				
Equity holders of the parent		**(P156,415,644)**	P109,497,619	P39,138,234
Minority interest	*29*	**(314,011)**	(287,938)	208,282
		(P156,729,655)	P109,209,681	P39,346,516
BASIC EARNINGS (LOSS) PER SHARE	*38*	**(P0.03)**	P0.02	P0.01

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	2015	2014	2013
Net Income (loss)	**(P156,729,655)**	P109,209,681	P39,346,516
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss			
Unrealized holding gain (loss) on available-for-sale investments	**(39,189,777)**	33,454,187	(198,553,905)
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation, net of tax	**(2,940,892)**	(6,455,983)	(11,215,288)
Total Comprehensive Income (Loss)	**(P198,860,324)**	P136,207,885	(P170,422,677)

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, 2015, 2014 AND 2013

	Attributable to owners of the Parent						
	Capital Stock (Note 27)	Reserves (Note 28)	Deficit	Treasury Stock	Total	Non-controlling interest (Note 29)	Total Equity
Balance at January 1, 2013	P4,493,913,645	P381,728,902	(P1,815,362,081)	(P163,383,895)	P2,896,896,571	P23,731,493	P2,920,628,064
Comprehensive income (loss)							
Net income for the year	-	-	39,138,234	-	39,138,234	208,282	39,346,516
Other comprehensive income (loss) for the year	-	(211,671,801)	2,142,755	-	(209,529,046)	(240,147)	(209,769,193)
Total comprehensive income (loss) for the year	-	(211,671,801)	41,280,989	-	(170,390,812)	(31,865)	(170,422,677)
Transactions with owners							
Share in increase of capital	-	-	-	-	-	4,665,800	4,665,800
Effect of deconsolidation	-	(10,197,045)	10,592,595	-	395,550	(33,011,830)	(32,616,280)
Collections of subscriptions receivable	56,344	-	-	-	56,344	-	56,344
Total transactions with owners	56,344	(10,197,045)	10,592,595	-	451,894	(28,346,030)	(27,894,136)
Balance at December 31, 2013	4,493,969,989	159,860,056	(1,763,488,497)	(163,383,895)	2,726,957,653	(4,646,402)	2,722,311,251
Comprehensive income							
Net income for the year	-	-	109,497,619	-	109,497,619	(287,938)	109,209,681
Other comprehensive income for the year	-	25,933,562	711,059	-	26,644,621	353,583	26,998,204
Total comprehensive income for the year	-	25,933,562	110,208,678	-	136,142,240	65,645	136,207,885
Transactions with owners							
Collections of subscriptions receivable	21,841,006	-	-	-	21,841,006	-	21,841,006
Total transactions with owners	21,841,006	-	-	-	21,841,006	-	21,841,006
Balance at December 31, 2014	4,515,810,995	185,793,618	(1,653,279,819)	(163,383,895)	2,884,940,899	(4,580,757)	2,880,360,142
Comprehensive income (loss)							
Net income (loss) for the year	-	-	(156,415,644)	-	(156,415,644)	(314,011)	(156,729,655)
Other comprehensive income (loss) for the year	-	(43,137,080)	703,251	-	(42,433,829)	303,160	(42,130,669)
Total comprehensive income (loss) for the year	-	(43,137,080)	(155,712,393)	-	(198,849,473)	(10,851)	(198,860,324)
Transactions with owners							
Collections of subscriptions receivable	30,401	-	-	-	30,401	-	30,401
Total transactions with owners	30,401	-	-	-	30,401	-	30,401
Balance at December 31, 2015	**P4,515,841,396**	**P142,656,538**	**(P1,808,992,212)**	**(P163,383,895)**	**P2,686,121,827**	**(P4,591,608)**	**2,681,530,219**

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before income tax from continuing operations		**(P154,091,941)**	P122,704,609	P38,681,962
Adjustments for:				
Depreciation and amortization	*35*	**24,733,040**	22,270,827	19,660,325
Holding loss (gain) on trading investments	*36*	**21,253,539**	(26,531,263)	713,206
Impairment loss on trade and other receivables		**17,244,728**	-	-
Provision for retirement benefits	*24*	**8,902,017**	9,865,768	8,714,915
Impairment loss on other assets		**7,770,831**	-	-
Equity in net loss of an associate	*17*	**3,507,118**	1,723,857	21,912
Finance cost		**1,778,781**	-	-
Impairment on investment in and advances to associates	*17*	**11,250**	-	-
Gain on sale of available for sale investments		**(18,742)**	-	-
Loss (gain) on sales cancellation		**-**	4,237,491	(3,145,213)
Dividend income	*34*	**(313,904)**	(70)	(36,632)
Unrealized foreign exchange loss (gain) – net	*34,36*	**(539,016)**	(23,837)	(735,089)
Reversal of various liabilities	*34*	**(7,340,207)**	(130,534)	(39,840,584)
Interest income	*33*	**(14,813,697)**	(14,876,066)	(28,534,665)
Loss on sale of property and equipment		**-**	364,303	-
Gain on sale of investment property	*20*	**-**	(148,015,030)	(53,667,627)
Income from joint arrangement		**-**	(84,670,731)	-
Loss on partial disposal of a subsidiary	*39*	**-**	-	6,698,861
Operating loss before working capital changes		**(91,916,203)**	(113,080,676)	(51,468,629)
Decrease (increase) in:			-	
Trade and other receivables		**79,131,091**	7,745,533	11,094,960
Prepayments and other assets		**(10,227,803)**	442,172	(35,162,721)
Real estate inventories		**(97,120,471)**	(182,305,791)	(152,175,453)
Increase (decrease) in:				
Trade and other payables		**65,529,647**	(19,839,690)	(102,943,362)
Unearned income		**(18,653,838)**	(12,354,844)	(68,912,705)
Cash used in operations		**(73,257,577)**	(319,393,296)	(399,567,910)
Contributions to retirement fund		**(6,000,000)**	(32,974,607)	(6,190,441)
Interest received		**14,813,697**	14,876,066	28,692,702
Dividends received		**313,904**	70	36,632
Income taxes paid		**(2,648,377)**	(15,470,422)	(8,312,536)
Net cash used in operating activities		**(66,778,353)**	(P352,962,189)	(P385,341,553)

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	**2015**	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investments in joint venture		**(P282,705)**	(P887,605)	(P70,000)
Additional investments in associates		**-**	(43,417,080)	-
Decrease (increase) in:				
Held-for-trading investments		**714,721**	2,210,613	-
Available-for-sale investments		**-**	-	779,588
Held-to-maturity investments		**-**	(1,000,000)	-
Additions to property and equipment		**(4,176,415)**	(29,450,230)	(4,103,795)
Additions to investment properties		**(127,232)**	(190,652)	-
Cash of subsidiary disposed, net of proceeds from sale		**-**	-	13,833,110
Proceeds from disposal of investment properties		**-**	226,378,880	-
Proceeds from disposal of held for trading investments		**-**	-	120,291,174
Proceeds from disposal of property and equipment		**-**	-	231,841
Net cash provided by (used in) investing activities		**(3,871,631)**	153,643,926	130,961,918
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans		**75,510,132**	-	-
Collection of subscriptions receivable	*28*	**30,401**	21,841,006	56,344
Finance cost paid		**(1,558,876)**	-	-
Payments of loans payable		**(16,250,135)**	-	-
Net cash provided by financing activities		**57,731,522**	21,841,006	56,344
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS		**(12,918,462)**	(177,477,257)	(254,323,291)
CASH FLOWS PROVIDED BY (USED IN) DECONSOLIDATED OPERATIONS:				
Operating activities		**-**	-	(15,401,137)
Investing activities		**-**	-	8,253,841
Financing activities		**-**	-	35,000,000
Effects of exchange rate changes		**-**	-	312,141
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DECONSOLIDATED OPERATIONS		**-**	-	28,164,845
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(12,918,462)**	(177,477,257)	(226,158,446)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**165,378,359**	342,855,616	569,014,062
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P152,459,897**	P165,378,359	P342,855,616

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

Philippine Realty and Holdings Corporation (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981. 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.

The Parent Company's registered office is at Andrea North Complex, Balete Drive corner N. Domingo Street, New Manila, Quezon City.

The Subsidiaries referred to herein and in the accompanying consolidated financial statements and the registered business activities and other information about the subsidiaries are discussed in Note 8.

Status of the Parent Company's Operations

The Parent Company was operating under a court-approved rehabilitation plan from December 2002 to March 2014. Its operations were severely affected by the slump in the local real estate industry which resulted from the regional economic crisis that hit the country in mid-1997. Due to the slump in sales caused by soaring interest rates and the restricted availability of bank credit, the Parent Company was unable to service its debt obligations. It resorted to dacion en pago (debt for asset swap) to reduce debts, suspended all its real estate projects and cut its workforce to conserve cash but all these measures proved inadequate.

On March 18, 2014, as recommended by the Rehabilitation Receiver for the successful implementation of the court-approved Rehabilitation Plan, the Parent Company's Motion to Terminate Rehabilitation Proceeding on the Account of the Successful Implementation of the Rehabilitation Plan was granted. Accordingly, the Stay Order issued in this case was lifted. As a result, the Parent Company was able to resume normal business operations without the supervision of a court approved receiver.

The Group has incurred total comprehensive losses of P183.38 million in 2015 and P100.67 million in 2013 and a deficit of P1.80 billion and P1.70 billion as at December 31, 2015 and 2014, respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Parent Company's ability to continue as a going concern. On November 21, 2014, the Board of Directors and shareholders of the Parent Company approved to go into a financial quasi-reorganization by reducing the par value of its shares from P1.00 to P0.50 and the additional paid in capital arising from the reduction of the par value will be subsequently applied to the Parent Company's accumulated deficit. Subsequently, the SEC approved on February 9, 2016 the Parent Company's quasi-reorganization thereby adjusting the total equity structure of the Parent Company starting year 2016. In addition, the Parent Company plans to leverage its key understanding of the property market through its 5-pillar strategy. It plans to carry out this strategy through planned joint venture agreements with GPI ("Land Owner") and also partner with other investors to finance the projects. First, its residential growth focuses on the development and sale of a six (6) tower in Quezon City called One Balete. Second, the retail or mixed use components see the design and construction of a retail or office and apartment complex using the 5,900 square meters El Pueblo property. Third, the office development at the 6,400 sq. m. property in the Bonifacio Global City (BGC) will be the jewel in the strategies growth velocity. Fourth, leisure developments are also in the pipeline with three properties in key tourist areas that are available for hotel or retirement communities. Finally, master planned township development on the 35 to 50 hectare range area now being planned to fit into boutique development concept of the Parent

Company. The Parent Company continues to explore new communities outside Metro Manila. This consolidated financial statements do not include adjustments that might result from the outcome of this uncertainty.

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). 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 consolidated financial statements as at and for the year ended December 31, 2015 were approved and authorized for issuance by the Board of Directors (BOD) on April 26, 2016.

Basis of Measurement
The consolidated financial statements have been prepared under the historical cost convention, except for certain properties carried at revalued amounts and certain financial instruments carried either at fair value or at amortized cost.

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 has 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 4.

3. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The Financial Reporting Standards Council approved the adoption of new and revised standards, amendments to standards, and interpretations issued by the IFRIC and PIC as part of PFRS.

Amendments to Standards Adopted in 2014
Effective July 1, 2014, the Group adopted the following amendments to standards:

- *2012 Annual improvements.* These annual improvements amend standards from the 2010 - 2012 reporting cycle. It includes changes to:

  - PFRS 3, *'Business Combinations'* and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions of PAS 32, '*Financial Instruments: Presentation'*. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognized in profit or loss.

- PFRS 8, *'Operating Segment'* which is amended to require disclosure of the judgments made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

- PFRS 13, *'Fair Value'* which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.

- PAS 16,*'Property, Plant and Equipment'* and PAS 38,*'Intangible Assets'* are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- PAS 24,*'Related Party Disclosures'* is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

• *2013 Annual improvements*. These annual improvements amend standards from the 2011- 2013 reporting cycle. It includes changes to:

  - PFRS 3' *Business Combinations'* is amended to clarify that PFRS 3 does not apply to the accounting for the formation of any joint venture under PFRS 11.

  - PFRS 13,*'Fair Value Measurement'* is amended to clarify that the portfolio exception in PFRS 13 applies to all contracts (including non-financial contracts) within the scope of PAS 39 or PFRS 9.

  - PAS 40, *'Investment Property'* is amended to clarify that PAS 40 and PFRS 3 are not mutually exclusive. PAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in PFRS 3 to determine whether the acquisition of an investment property is a business combination.

• PFRS 10 *'Consolidated financial statements'* and PAS 28 *'Investments in associates and joint ventures' (Amendments).* These amendments address an inconsistency between PFRS 10 and PAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

• PFRS 11, '*Joint arrangements' (Amendment)*. The amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

The adoption of the above amendments to standards in 2015 did not have any material effect on the Group's consolidated financial statements.

Other standards, amendments and interpretations which are effective for the year beginning January 1, 2015 are not applicable to the Group.

New Standards and Amendments to Standards Not Yet Adopted

The following are the new standards and amendments to standards which are not yet effective for the year ended December 31, 2015, and have not been applied in preparing the consolidated financial statements:

Effective January 1, 2016:

- PAS 16, *'Property, plant and equipment'* and PAS 38, *'Intangible assets'* issued in May 2014. This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- PAS 27, *'Separate Financial Statements',* the amendment allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- *2014 Annual improvements*. These annual improvements amend standards from the 2012- 2014 reporting cycle. It includes changes to:

  - PFRS 7,*'Financial instruments: Disclosures'* - There are two amendments: (1) Servicing contracts – If an entity transfers a financial asset to a third party under condition which allow the transferor to derecognize the asset, PFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to PFRS 1 to give the same relief to first time adopters. (2) Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to PFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by PAS 34. This amendment is retrospective.

  - PAS 19,*'Employee benefits'* - The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

Effective January 1, 2018:

- PFRS 15, *Revenue from Contracts with Customers* issued in May 2014. This is the converged standard on revenue recognition. It replaces PAS 11, 'Construction contracts', PAS 18,'Revenue' and related interpretations. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of PFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

  Step 1: Identify the contract(s) with a customer
  Step 2: Identify the performance obligations in the contract
  Step 3: Determine the transaction price
  Step 4: Allocate the transaction price to the performance obligations in the contract
  Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

PFRS 15 also includes a cohesive set of disclosure requirement that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

- PFRS 9, Financial Instruments issued in November 2009. PFRS 9 replaces the multiple classification models in PAS 39 Financial Instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortized cost and fair value.

  Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, (b) the contractual cash flows under the instrument solely represent payments of principal and interest.

  All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.

  All fair value movements on financial assets are taken through the statement of income, except for equity investments that are not held for trading, which may be recorded in the statement of income or in reserves (without subsequent recycling to profit or loss).

  For financial liabilities that are measured under the fair value option, entities will need to recognize the part of the of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than in profit or loss.

  The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

  In July 2014, the final phase of PFRS 9 was issued. Further changes to the classification an measurement rules and introduction of a new impairment model were made. The changes introduce:

  - a third measurement category, fair value through other comprehensive income (FVOCI) for certain financial assets that are debt instruments;
  - a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

Effective January 1, 2019:

- PFRS 16, *Leases* issued in January 2016. This new standard replaces PAS 17, 'Leases' and other related interpretations. For lessees, an entity obtains the right to use an asset at the start of the lease, and if lease payments are paid over time, it also obtains financing. Accordingly, PFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by PAS 17 and, instead, introduces a single lessee accounting model. In applying that model, a lessee is required to recognize (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. For lessors, this new standard carries forward the lessor accounting requirements in PAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those types of leases differently. Currently, early adoption is not permitted in the Philippines.

The Group will assess the impact of the above new standards and amendments to standards effective subsequent to December 31, 2015 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required will be included in the consolidated financial statements when these are adopted.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

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 8.

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. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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 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 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
Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by Management in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

For management purposes, the Group is currently organized into four 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. Travel Services

Financial information on business segments are presented in Note 8. 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 Instruments

Financial Assets
Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. 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.

The Group presents its assets and liabilities in order of liquidity to provide information that is reliable and more relevant to the business model of the Group.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. As of the reporting date, the Group has the following categories of financial assets:

Financial assets at fair value through profit or loss (FVPL)
Financial assets are classified as investments at FVPL when these are acquired for trading or are designated upon initial recognition. Financial assets under this category are initially recorded and are subsequently measured at fair value with gains and losses arising from changes in fair value being included in profit or loss for the year. Transaction costs on purchases and sale of financial assets under this category are recognized as expense in profit or loss.

A financial asset is classified as at FVPL if:

a. it has been acquired principally for the purpose of selling in the near future; or
b. it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
c. it is a derivative that is not designated and effective as a hedging instrument.

Loans and receivables
Cash and cash equivalents, trade and other receivables and advances to associates that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Short-term receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Available-for-sale investments
Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial assets are initially measured at fair value plus incremental direct transaction costs and subsequently are carried at fair value. Unrealized gains and losses arising from changes in fair value are recognized directly in other comprehensive income, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. When the available-for-sale financial asset is disposed of or is determined to be impaired, the cumulative unrealized gain or loss previously recognized in equity is included in profit or loss as a reclassification adjustment even if the financial asset (AFS) has not been derecognized.

The Group's available-for-sale financial assets are classified under this category.

HTM investments
HTM investments are non-derivative financial assets with fixed or determinable payments that the Group intends and is able to hold to maturity, and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. HTM investments are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

The Group's held-to-maturity financial asset is classified under this category.

Impairment of Financial Assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one (1) or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Available-for-sale financial assets
In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 'significant' as 20% or more and 'prolonged' as greater than twelve months. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses for an investment in an equity instrument classified as Available-for-sale financial assets shall not be reversed through profit or loss but in other comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale financial assets increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit and loss for the year, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for the year.

Financial assets carried at amortized cost
For loans and receivables and held-to-maturity investment categories, the Group first assesses whether there is objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant of not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or HTM financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition. The carrying amount of the financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the profit and loss for the year.

Other financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market

rate of return for a similar financial asset. Impairment losses on financial assets carried at cost are not reversed.

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

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its right to receive cash flows from the asset and either has: (a) 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.

Financial Liabilities
Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, which do not include any debt instruments classified as at fair value through profit or loss.

The Group classifies its financial liabilities in the following categories; financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

A financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost. Financial liabilities measured at amortized cost are subsequently measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period.

The Group has no financial liability at fair value through profit or loss. Other financial liabilities include trade payables and accrued expenses and other current liabilities.

Trade and other payables
Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade and other payables are not interest bearing and are stated at their original invoice amount, the carrying amounts approximate fair value primarily due to the relatively short-term maturity of these financial instruments and the effect of discounting is deemed immaterial.

Accruals are liabilities to pay goods and services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals. However, the uncertainty is generally much less than for provisions.

Derecognition of Financial Liabilities
Financial liabilities are derecognized only when they are extinguished, when the obligation specified in the contract is discharged, cancelled or has expired. Any difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognized in profit or loss.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability 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 these 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 noncurrent 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 completion and the estimated costs of sale.

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.

Real Estate Held for Development
Land held for development are measured at the lower of cost and fair value less costs to sell. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable interest costs are capitalized while the development and construction is in progress.

Land investment in joint arrangement
Land invested in joint arrangement represents Group's interest in joint venture.

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.

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.

After recognition as an asset, the condominium unit of a subsidiary whose fair value can be measured reliably was carried at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All other property, plant and equipment are stated at historical cost less depreciation.

Revaluations shall be made with sufficient regularity 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. There is no change to the valuation technique during the year. The fair value of the condominium unit was determined using inputs that are directly or indirectly observable from market data.

When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionally with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any revaluation increase arising on the revaluation of such revalued asset is credited to the property revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such revaluated asset is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation surplus relating to a previous revaluation of that asset.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

	Number of years
Condominium units and building improvements	20 to 25
Office furniture, fixtures and equipment	3 to 10
Machinery and equipment	3 to 10
Transportation and other equipment	3 to 5

Leasehold and office improvements are amortized over the improvements' useful life of five (5) years or when shorter, the term of the relevant lease.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method 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.

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, appraisal increase 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. The related revaluation reserve upon disposal of revalued asset is transferred directly to retained earnings.

Investment Properties
Investment properties comprise completed property and property under development or redevelopment that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties are measured initially at cost, including transaction costs. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of depreciable investment properties follow:

	Number of years
Condominium units	40
Land improvements	40

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.

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 profit or loss 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 to sell 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.

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

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

Financial assets and FVPL and AFS financial assets – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates, unquoted equity securities are carried at cost less allowance for impairment losses because fair value cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities – the carrying value of trade and other payables approximate its fair value because of the short-term nature of these financial liabilities.

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

Common shares
Common shares are 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.

Deficit
Deficit include all the accumulated losses of the Group, dividends declared and share issuance costs.

Treasury Stock
Own 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 comprehensive income on the purchase, sale, issue or cancellation of the Group'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 has a funded and unfunded, non-contributory defined benefit retirement plan. The post-employment expense is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statements of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts, rebates and value added tax (VAT) and represents amounts receivable for goods and services in the normal course of business.

Sales of real estate
A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage, and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

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 Trade and other payables account in the consolidated statements of financial position.

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.

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
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant operating 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.

Commission income
Revenue from commissions is recognized at the time it is earned, generally as of the effective date of the applicable policies. Revenue recognized is the amount of commission earned as an agent and excludes amounts collected on behalf of the principal

Dividend income
Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Realized and unrealized gains on sale of financial assets at FVPL
Realized gains are recognized at the time of disposal of the securities on a trade date basis. Unrealized gains on changes in fair value of trading securities are recognized in profit or loss upon revaluation at each reporting date.

Unearned Income
Unearned income represents collections from customers which are as of the reporting period not yet earned. Unearned income are initially recorded as liability and recognized at the amount actually received. Subsequently, these are earned through profit or loss based on the percentage of completion of the property sold.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost 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) 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.

Contract costs include all direct materials and labor cost and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Cost of the real estate sold before the completion of the contemplated development is determined based on actual development cost and project estimates as determined by the contractors and the Group's technical staff.

Cost and expenses in the consolidated statements of 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 occur. 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

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 consolidated statements of income on straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

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 consolidated statements of 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 at 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 period 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 the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, 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 separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

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 wholly within the control of the Group. 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 (Loss) per Share

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

Diluted earnings (loss) 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.

Dividend Distribution
Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

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 event after the reporting date that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting events after the reporting date are disclosed in the notes to the consolidated financial statements when material.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The following are 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.

Critical Accounting Estimates and Assumptions

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.

If the actual useful lives of the investment properties and property and equipment differ by 10% from management's estimates, the depreciation and amortization expense for 2015 and 2014 would be an estimated higher (lower) by the following amounts:

	2015	2014
10% lower in average useful lives	**P2,065,737**	P1,805,295
10% higher in average useful lives	**(1,702,184)**	(1,477,395)

Estimating allowances for impairment loss on receivables
The Group estimates the allowance for impairment loss on receivables based on assessment of specific accounts when the Group has information that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. The Group used judgment to record specific reserves for customers against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for impairment loss would increase the recognized operating expenses and decrease current assets. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the impairment of receivables.

Evaluation of net realizable value of real estate inventories and real estate held for sale and development
The Group adjusts the cost of its real estate inventories and real estate held for sale and development 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, 2015 and 2014. 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. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the impairment of inventories.

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 24.

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.

Income taxes
The Group recognizes tax liabilities depending on the sources of the revenue generated. The liabilities are based on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Valuation of investment property
The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of PFRS 13. Investment property is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

Critical Accounting Judgments

Asset impairment
The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Realizability 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.

The carrying amount of recognized deferred tax asset amounted to P17,249,329 and P14,610,501 as of 2015 and 2014, respectively.

The Group did not recognize the deferred tax asset because it is not probable that the future taxable profit will be available. The unrecognized deferred tax asset amounted to P111.0 million and P105.62 million as at 2015 and 2014, respectively (see Note 37).

Operating Lease
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating lease.

Distinction between investment properties and owner-occupied properties
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.

Distinction between real estate inventories and real estate held for sale and development
The Group determines whether a property will be classified as Real estate inventories or Real estate held for sale and development. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) or whether it will be treated as part of the Group's strategic land banking activities for development or sale in the medium or long-term (land and improvements).

Investment in Meridian Assurance Corporation
Management has assessed the level of influence that the Group has on Meridian Assurance Corporation and determined that it has significant influence as the Group has 30% share holdings because of the board representation and contractual terms. The Group has no control over Meridian Assurance Corporation. Consequently, this investment has been classified as an associate.

Joint arrangements
The Group's investment in joint venture is structured in a separate incorporated entity. The joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. In addition, the Group considers the number of its board seats in the incorporated entity. Further, the Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

5. Deconsolidation

On December 27, 2013, the Parent Company disposed its 1,750,000 shares, representing 70% interest out of the 86.67% interest, in Meridian Assurance Corporation (MAC) at a consideration of P191,000,000. The remaining 416,735 shares, representing 16.67% interest, was reclassified to investment in associates at fair value amounting to P45,480,000.

The results of operations attributable to MAC in 2013 is as follows:

Revenue	P32,970,219
Expenses	27,890,384
Income from deconsolidated operations	5,079,835
Provision for income tax	259,013
Net income from deconsolidated operations	P4,820,822

The following table summarizes the carrying value of MAC's assets and liabilities as at December 27, 2013.

	Note	
Assets		
Cash and cash equivalents		P177,166,890
Financial assets at FVPL	*10*	14,491,634
Available-for-sale financial assets	*11*	23,480,825
Held-to-maturity investments	*12*	65,536,370
Trade and other receivables – net		55,145,991
Prepayments and other current assets – net		27,296,328
Property and equipment – net	*19*	27,318,648
Total Assets		P390,436,686
Liabilities		
Trade and other payables		P66,925,107
Unearned premiums		45,005,863
Retirement benefit obligation	*24*	4,586,335
Funds held for reinsurers		1,542,664
Deferred tax liabilities		1,978,189
Total Liabilities		P120,038,158

The basic earnings per share of income from deconsolidated operations attributable to equity holders of the Parent Company amounted to P0.0002 in 2013.

6. Financial Risk Management

Financial risk management objectives and policies
The Group's activities expose it to a variety of financial risks: legal and regulatory risk, operational risk, 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 management 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.

Operational Risk
This is the uncertainty arising from internal events caused by failures of people, process and technology, as well as external events.

The Group has established business specific guidelines. Comprehensive insurance program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses.

Market Risk

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.

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

	2015	2014
Cash and cash equivalents	**P11,302,468**	P11,417,862

The following table details the Group's sensitivity to a 5% increase and decrease in the Philippine Peso against the US Dollar. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 5% and it represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in net income or decrease in net loss when the Philippine Peso weakens 5% against the US Dollar. For a 5% strengthening of the Philippine Peso against the US Dollar, there would be an equal and opposite impact on net income.

	2015	2014
Cash and cash equivalents	**P565,124**	P570,893

As of December 31, 2015 and 2014, the Group does not have monetary liabilities denominated in foreign currency.

Interest rate risk
The primary source of the Group's interest rate risk relates to cash and cash equivalents. The interest rates on these assets and liabilities are disclosed in Notes 9.

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.

Based on the sensitivity analysis performed, the impact on profit or loss of a 10% change in interest rates would have been a maximum increase/decrease of P1,481,370 and P1,487,607 for 2015 and 2014, respectively.

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.

At December 31, 2015, 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 P11.51 million and P17.29 million for 2015 and 2014, respectively in the Group's total comprehensive income and equity for the year. The Group' sensitivity analysis takes into account the historical performance of the stock market.

Credit risk
The Group's credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables, and held-to-maturity investments as disclosed in Notes 9, 12 and 13. The Group has adopted stringent procedure in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group It has policies in place to ensure that sales are made to customers with an appropriate credit history.

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

	2015	2014
Cash and cash equivalents	**P152,459,897**	P165,378,359
Trade and other receivables	**767,642,227**	863,081,771
Held-to-maturity financial assets	**1,000,000**	1,000,000
	P921,102,124	P1,029,460,130

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 commercial and universal banks to minimize credit risk exposure. Amount deposited in these banks are as follows:

	2015	2014
Universal banks	**P152,459,897**	P164,571,094
Commercial banks	**-**	807,265
	P152,459,897	P165,378,359

(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:

	Group A	Group B	Group C	Total
2015				
Trade and other receivables	**P148,818,231**	**P82,772,312**	**P79,562,078**	**P311,152,621**
2014				
Trade and other receivables	P306,420,047	P216,418,343	P205,484,662	P728,323,052

- Group A - new customers (less than 3 months).
- Group B - existing customers (less than 3 months) with no defaults in the past.
- Group C - existing customers (less than 3 months) with some defaults in the past. All defaults were fully recovered.

As at December 31, 2015, trade and other receivables of P493,908,863 (2014 - P134,758,719) 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
2015			
Trade and other receivables	**P17,009,303**	**P476,899,560**	**P493,908,863**
2014			
Trade and other receivables	P58,120,370	P76,638,349	P134,758,719

As at December 31, 2015, trade and other receivables of P37,419,257 (2014 - P37,419,257) were impaired and provided for. No provision for impairment loss in 2015 and 2014. 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
2015			
Trade and other receivables	**P -**	**P37,419,257**	**P37,419,257**
2014			
Trade and other receivables	P -	P37,419,257	P37,419,257

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The condominium certificates of the title remain in the possession of the Parent Company until full payment has been made by the customers.

(c) Held-to-maturity (HTM)

The P1.0 million HTM investment at December 31, 2015 is an unsecured note issued by a publicly-listed universal bank with a term of 10 years.

Credit risks associated with fixed income investments are managed using:

a. Detailed credit and underwriting policies
b. Specific diversification requirements
c. Comprehensive due diligence and ongoing credit analysis
d. Aggregate counterparty exposure limits
e. Monitoring against pre-established limits

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

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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.

	Note	Less than One Year	One to Five Years	More than Five Years	Total
			(In Thousand Pesos)		
2015					
Trade and other payables	*21*	**P135,464**	**P105,697**	**P7,199**	**P248,360**
2014					
Trade and other payables	*21*	P100,267	P77,370	P12,314	P189,951

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, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	P15,879,036	P -	P -	P15,879,036
AFS financial assets				
Equity investments	93,179,543	-	-	93,179,543
Trust funds	2,364,763	-	-	2,364,763
Property and equipment:				
Condominium units	-	6,383,000	-	6,383,000

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	P37,132,575	P -	P -	P37,132,575
AFS financial assets				
Equity investments	132,781,471	-	-	132,781,471
Trust funds	3,035,187			3,035,187
Property and equipment:				
Condominium units	-	6,383,000	-	6,383,000

7. Capital Risk Management

The Group manages its capital to ensure that the Group 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 Group consists of equity, which comprises of issued capital, reserves and deficit

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. The Parent Company's loans-to-equity ratio must not exceed 1:1, as a requisite in exiting the rehabilitation plan. The Parent Company was able to meet this requirement, thus, termination of the rehabilitation proceeding was granted by the court on March 18, 2014.

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 Group has fully complied with this requirement.

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.

As at December 31, 2015 and 2014, 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 as of reporting date.

8. Segment Information

Details of the Parent Company's subsidiaries as of December 31, 2015 and 2014 are as follows:

	Principal Activities	Interest Ownership 2015	2014
PRHC Property Managers, Inc. (PPMI)	Property Management	**100%**	100%
Tektite Insurance Brokers, Inc. (TIBI)	Insurance Brokerage	**100%**	100%
Sultan Power's Inc. (SPI)	Holding Company	**100%**	-
Universal Travel Corporation (UTC)	Travel and Tours Agency	**81.53%**	81.53%

Minority interests as of 2015 and 2014 represent the equity interests in Universal Travel Corporation not held by the Group.

The segment assets and liabilities as of December 31, 2015 and 2014 results of operations of the reportable segments for the years ended December 31, 2015 and 2014 are as follows:

	2015							
	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P287,971	P29,797	P7,987	P -	P449	P27,797	(P2,024)	P351,977
Segment Result	(P128,066)	(P547)	P779	(P13,069)	(P1,668)	P -	(P3,508)	(P146,079)
Interest expense	1,839	-	-	-	-	-	-	1,839
Interest income	(14,728)	(2)	(52)	-	(32)	-	-	(14,814)
Dividend income	(314)	-	-	-	-	-	-	(314)
Equity in net loss of associates	-	-	-	-	-	-	-	-
Income taxes	1,515	350	773	-	-	-	-	2,638
Income (loss) before minority interest	(139,754)	(199)	1,500	(13,069)	(1,700)	-	(3,508)	(156,730)
Minority interest	-	-	-	-	-	-	(314)	(314)
Net Income (Loss)	(P139,754)	(P199)	P1,500	(P13,069)	(P1,700)	P -	(P3,194)	(P156,416)
Other Information								
Segment assets	P2,922,218	P36,808	P17,562	P50	P25,403	P -	(P29,426)	P2,972,615
Investments at equity method	160,978	-	-	20,605	-	-	(77,144)	104,439
Unallocated corporate assets	13,906	3,751	(408)	-	-	-	-	17,249
Consolidated Total Assets	P3,097,102	P40,559	P17,154	P20,655	P25,403	P -	(P106,570)	P3,094,302
Segment liabilities	P392,996	P20,265	P2,460	P32,724	P53,856	P -	(P89,530)	P412,772
Consolidated Total Liabilities	P392,996	P20,265	P2,460	P32,724	P53,856	P -	(P89,530)	P412,772
Capital expenditure	P4,058	P116	P2	P -	P -	P -	P -	P4,176
Depreciation and amortization	22,339	1,611	619	-	164	-	-	24,733
Non-cash expenses other than depreciation	31,884	1,691	355	-	-	-	-	33,929

	2014							
	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Underwriting	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P205,699	P27,300	P6,021	P809	P277,349	(P354)	P516,824	P27,300
Segment Result	P114,896	P1,601	(P382)	(P1,556)	P304,017	(P305,741)	112,834	P1,601
Interest income	(17,068)	(2)	(47)	(3)	-	-	(17,119)	(2)
Dividend income	-	-	-	-	-	-	-	-
Equity in net loss of associates	-	-	-	-	-	-	-	-
Income taxes	12,443	1,198	(146)	-	-	-	13,495	1,198
Income (loss) before minority interest	110,271	2,797	(575)	(1,559)	304,017	(305,741)	109,210	2,797
Minority interest	-	-	-	-	-	(288)	(288)	-
Net Income (Loss)	P110,271	P2,797	(P575)	(P1,559)	P304,017	(P305,453)	109,498	P2,797
Other Information								
Segment assets	P3,034,390	P34,114	P16,083	P28,358	P -	(P27,867)	3,085,078	P34,114
Investments at equity method	129,267	-	-	-	-	(41,915)	87,352	-
Unallocated corporate assets	11,560	3,765	(714)	-	-	-	14,611	3,765
Consolidated Total Assets	P3,175,217	P37,879	P15,369	P28,358	P -	(P69,782)	3,187,040	P37,879
Segment liabilities	P287,762	P18,583	P2,036	P53,469	P -	(P55,170)	306,680	P18,583
Consolidated Total Liabilities	P287,762	P18,583	P2,036	P53,469	P -	(P55,170)	306,680	P18,583
Capital expenditure	P29,374	P8	P69	P -	P -	-	29,450	P8
Depreciation and amortization	19,123	1,275	1,709	164	-	-	22,271	1,275
Non-cash expenses other than depreciation	7,883	1,446	537	-	-	-	9,866	1,446

	2013							
	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Underwriting	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P206,062	P26,654	P6,486	P19,244	P772	P171,133	(P66,077)	P364,275
Segment Result	132,881	1,640	(410)	8,088	(920)	187,963	(260,407)	68,835
Interest income	(28,281)	(2)	(80)	(3,654)	(172)	-	-	(32,189)
Dividend income	(37)	-	-	(1,731)	-	-	-	(1,768)
Equity in net loss of associates	-	-	-	-	-	-	-	-
Income taxes	2,754	1,379	(4)	259	81	-	-	4,469
Income (loss) before minority interest	107,317	3,017	(494)	2,962	(1,011)	187,963	(260,407)	39,347
Minority interest	-	-	-	-	-	-	208	208
Net Income (Loss)	P107,37	P3,017	(P494)	P2,962	(P1,011)	P187,963	(P260,615)	P39,139
Other Information								
Segment assets	P3,514,969	P31,409	P22,854	P -	P28,077	P -	(P25,543)	P3,571,766
Investments at equity method	85,850	-	-	-	-	-	(40,191)	45,659
Unallocated corporate assets	15,474	3,015	(1,020)	-	-	-	-	17,469
Consolidated Total Assets	P3,616,293	P34,424	P21,834	P -	P28,077	P -	(P65,734)	P3,634,894
Segment liabilities	P 888,329	P17,191	P8,336	P -	P53,543	P -	(P54,816)	P912,583
Consolidated Total Liabilities	P 888,329	P17,191	P8,336	P -	P53,543	P -	(P54,816)	P912,583
Capital expenditure	P1,703	P2,393	P8	P -	P -	P -	P -	P4,104
Depreciation and amortization	16,698	1,084	1,713	-	164	-	-	19,660
Non-cash expenses other than depreciation	6,758	1,362	594	-	-	-	-	8,715

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 at the 5/F East Tower, PSE Centre, 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 the 20/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

In 2013, TIBI filed its revised application with the SEC for the P12.9 million increase of its capital stock divided into 12.9 million shares with par value of P1 per share, through the conversion of its deposit for future capital stock subscription amounting to P16 million less P3.1 million advances made to the Parent Company. In April 2, 2014, SEC approved TIBI's application to increase its authorized capital stock through the conversion of its deposit for future subscription amounting to P12.9 million.

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. The registered office of UTC is at the Ground Floor, West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

UTC holds 41,673,000 shares of the Parent Company which was acquired at P50.97 million.

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.

The registered office of SPI is at the Units 512-513 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

9. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	**P136,096,438**	P109,038,489
Cash equivalents	**16,363,459**	56,339,870
	P152,459,897	P165,378,359

Cash in banks earn average annual interest ranging from 1.00% to 2.25% in 2015 and 2014. Cash equivalents represent short-term money market placements with maturities up to three months, and earn interest at the prevailing short-term investment rates. Interest income earned amounted to P.90 million, P3.45 million, and P5.61 million in 2015, 2014 and 2013, respectively.

10. Financial Assets at Fair Value Through Profit or Loss

These financial assets are equity securities of various listed companies. The fair values of these securities are based on quoted market prices.

The movements of financial assets at FVPL are summarized as follows:

	2015	2014
Balance, January 1	**P37,132,575**	P10,601,312
Fair value adjustments	**(21,253,539)**	26,531,263
Balance, December 31	**P15,879,036**	P37,132,575

This account is composed of the following securities at fair value:

	2015	2014
Property company	**P6,750,000**	P6,750,000
Holding firms	**9,129,036**	30,382,575
	P15,879,036	P37,132,575

11. Available-for-sale (AFS) financial assets

The movements in the AFS financial assets are summarized as follows:

	2015	2014
January 1	**P135,816,658**	P104,575,381
Disposals	**(695,980)**	(2,210,613)
	135,120,678	102,364,768
Fair value adjustments	**(39,565,709)**	33,449,035
Transfer to consolidated statements of comprehensive income on sale of AFS investments	**(10,663)**	2,855
December 31	**P95,544,306**	P135,816,658

The account is composed of the following securities:

	2015	2014
Cost:		
Listed shares of stocks	**P207,531,667**	P175,226,499
Trust funds	**2,293,406**	2,989,386
Golf and country club shares	**3,350,000**	3,350,000
	213,175,073	181,565,885
Accumulated unrealized holding loss	**(117,630,767)**	(45,749,227)
	P95,544,306	P135,816,658

AFS financial assets are investments in shares of stock of various listed equity securities, and golf and country club shares that present the Group with opportunity for return through dividend income and trading gains. 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 Group received dividend income from these investments amounting to P314 thousand, P70 thousand and P36 thousand in 2015, 2014 and 2013, respectively.

Unrealized holding gain (loss) recognized in other comprehensive income from AFS financial assets amounted to (P39 million) in 2015 and P33 million in 2014.

12. Held-to-Maturity (HTM) financial assets

The movements in the HTM financial assets are summarized as follows:

	Note	**2015**	2014
Balance, beginning of year		**P1,000,000**	P -
Additions		-	1,000,000
Balance, end of year		**P1,000,000**	P1,000,000

This account pertains to P1.0 million unsecured subordinated note issued by a universal bank with interest rate of 5.375% and has a term of 10 years. HTM investment is carried at amortized cost.

Management believes that the carrying amount of the Group's HTM financial assets approximate fair values.

13. Trade and Other Receivables

This account is composed of:

	2015	2014
Trade	**P410,128,753**	P576,995,611
Other receivables	**394,932,731**	323,505,417
	805,061,484	900,501,028
Less allowance for impairment loss	**(37,419,257)**	(37,419,257)
	P767,642,227	P863,081,771

Trade receivables 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 to P230.73 million in 2015 and P316.10 million in 2014. Trade receivables carry yield-to-maturity interest rates of 6% in 2015; 6.5% in 2014 and 6.25% in 2013.

Also, included in trade receivables are amounts due from certain buyers of Andrea North Skyline Tower condominium project amounting to P81.55 million in 2015 and P106.59 million in 2014.

Certain trade receivables are pledged to a local bank as collateral to the loans payable (see Note 23).

Other receivables as at December 31, 2015 and 2014 include the remaining receivables from Xcell amounting to P209 million and P229 million, respectively (see Note 16). The account also includes advances to contractors of Andrea North Skyline and Skyvillas Projects amounting to nil in 2015 and P44 million in 2014. The rest of the balances are receivables from lessees and concessionaires.

The management determines that other receivables are recoverable. The allowance for doubtful accounts for trade receivables has been determined as follows:

	2015	2014
Collectively impaired	**P21,911,457**	P21,911,457
Individually impaired	**15,507,800**	15,507,800
Total	**P37,419,257**	P37,419,257

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the client base being large and unrelated. Accordingly, Management believes that there is no further credit provision required in excess of the allowance for impairment loss on receivables.

Management further believes that the carrying amounts of the trade and other receivables approximate fair values.

14. Prepayments and Other Assets

This account consists of:

	2015	2014
Creditable withholding tax	**P141,543,033**	P119,271,315
Prepaid taxes	**25,285,491**	42,519,838
Deferred input value added tax	**1,135,609**	2,514,169
Others	**19,723,090**	22,329,875
	P187,687,223	P186,635,197

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

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

Others includes prepaid insurance, security deposits, accrued interest, loans due from employees, other accounts receivables and initial investment made by the Parent Company to the Global City project amounting to P4.43 million in 2015 and 2014 for payment of the master plan design.

15. Real Estate Inventories

Real estate inventories at December 31 consist of the following:

	Note	**2015**	2014
In progress:			
The Icon Plaza	*16*	**P97,877,794**	P219,523,856
Andrea North Skyvillas Tower		**815,337,375**	583,039,333
Andrea North Estate		**31,360,959**	30,684,902
Others		**12,086,521**	9,977,653
		956,662,649	843,225,744
Completed units:			
Andrea North Skyline Tower		**253,807,765**	270,124,199
Casa Miguel		**6,895,314**	6,895,314
		260,703,079	277,019,513
		P1,217,365,728	P1,120,245,257

In July 2011, the Parent Company had a joint arrangement with Xcell Property Ventures, Inc. (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. The Parent Company's share on the saleable area of The Icon Plaza under joint arrangement with Xcell is recorded as real estate inventories. The percentage of completion of The Icon Plaza is 98.10% and 90.95% as at December 31, 2015 and 2014, respectively.

The balance of P12.09 million as at December 31, 2015 represents the cost of the master plan design of the new towers in Andrea North project.

The cost of real estate inventories recognized as expense amounted to P205,076,701, P179,392,456 and P171,824,899 in 2015, 2014 and 2013, respectively.

16. Real Estate Held for Development

<u>Land held for development</u>
Real estate held for development as at December 31, 2015 pertains to the land located in New Manila, Quezon City amounting to P188,653,713.

<u>Land invested in joint arrangement</u>
In February 2005, the Parent Company entered into a joint arrangement with Next Properties, Inc., renamed Xcell Property Ventures, Inc. (Xcell), for the development of twin-tower residential condominium on two (2) of PRHC's Fort Bonifacio lots to be called "The Icon Residences." The Parent Company contributed two (2) lots to the joint arrangement, namely lots 14-2A and 14-1, and in return will receive twenty-percent (20%) of net sales or P804 million whichever is higher, plus 35% of the joint arrangement's pre-tax profits from the project.

Xcell shall be solely responsible for the construction of the two (2) condominiums over a period of five (5) to six (6) years. The admission value of the property based on the joint arrangement proposal is more than its cost.

Further, it was provided under the joint arrangement that while construction of the project is on-going, Xcell shall remit to the Parent Company the amount of not less than (i) P280,000,000 for lot 14-1 and (ii) P304,600,000 for lot 14-2A. Provided, however, that total remittance to the Parent Company shall not be less than P20,000,000 per quarter starting in December 2005 for lot 14-2, and in June 2007 for lot 14-1.

In 2008, the Parent Company and Xcell entered into an amended joint arrangement. The agreement provides that all amounts remitted by Xcell shall be held in trust by the Parent Company, which shall open a special trust account with the trust department of a commercial bank acceptable to Xcell. The funds held in trust, as mandated by the rehabilitation plan, shall be utilized exclusively for the completion of the Parent Company's Andrea North Skyline Tower, construction of which resumed in February 2009.

In 2012, the Parent Company and Xcell made a clarification to the Joint arrangement. It was agreed that the Parent Company's 35% share on the profit shall be taken entirely from the dividends from Xcell.

In 2014, the Parent Company and Xcell made further amendments to the 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 during the year 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.

17. Investments in and Advances to Associates

Details of the ownership interest in associates are as follows:

	Ownership Interest	
	2015	2014
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:

	2015	2014
Meridian Assurance Corporation		
Investment - Acquisition cost	**P88,875,080**	P88,875,080
Accumulated equity in net loss:		
Balance at beginning of year	**(1,708,542)**	-
Equity in net loss for the year	**(3,494,024)**	(1,708,542)
Balance at end of year	**(5,202,566)**	(1,708,542)
	83,672,514	87,166,538
Le Cheval Holdings, Inc.		
Investment - Acquisition cost	**11,250**	11,250
Allowance for impairment loss	**(11,250)**	-
	-	11,250
Accumulated equity in net income:		
Balance at beginning of year	**174,190**	189,505
Equity in net loss for the year	**(13,094)**	(15,315)
Balance at end of year	**161,096**	174,190
	P161,096	P185,440

	2015	2014
Alexandra (USA), Inc.		
Investment - Acquisition cost	**P14,184,150**	P14,184,150
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)
	-	-
	P83,833,610	P87,351,978

In late 2011, AUI started the process of liquidation. The Group provided for an allowance for impairment loss amounting to P87,587,528 in 2011 in addition to the P44,830,237 recognized in 2008 for advances to this affiliate that can no longer be recovered.

In December 2013, 70% of the total outstanding shares of the MAC held by the Parent Company were sold. Loss on partial disposal of a subsidiary was recognized upon loss of control on MAC amounting to P6,698,861. The remaining cost of the investment in MAC amounting to P45,458,000 was reclassified to investment in associates in 2013. In 2014, the Parent Company purchased additional 13.34% of the total outstanding shares of MAC.

Other than as indicated above, the Group believes that there is no indication of impairment on its investments in and advances to associates.

Aggregated amounts relating to associates are as follows:

	2015	2014
Meridian Assurance Corporation (MAC)		
Total assets	**P398,354,357**	P407,064,959
Total liabilities	**122,780,956**	119,230,602
Net assets	**275,573,401**	287,834,357
Income	**82,088,785**	70,028,037
Cost and expenses	**93,653,227**	75,723,176
Net income (loss)	**(P11,564,442)**	(P5,695,139)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	**P44,595**	P94,717
Total liabilities	**61,602**	72,231
Net assets	**(17,007)**	22,486
Income	**377**	500
Cost and expenses	**(27,392)**	(34,534)
Net loss	**(P27,015)**	(P34,034)
Alexandra (USA), Inc. (AUI)		
Total assets	P -	P -
Total liabilities	-	-
Net assets	-	-
Income	-	-
Cost and expenses	-	-
Net loss	P -	P -

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.

The registered office of MAC is at the 7/F, West Tower, PSE 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). 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.

18. Investment in Joint Venture

Tagaytay Joint Venture
The Parent Company owns 85% of Tagaytay Joint Venture as of December 31, 2015 and 2014.

The project is a joint venture wherein the Parent Company and another joint venturer unanimously decide on the relevant activities of the project. A parcel of land with an area of 39,975 square meters located in Iruhin West, Tagaytay City was purchased at a cost of P60.4 million exclusively for the development in relation to the arrangement. A residential subdivision will be developed on the said parcel of land. In 1997, the said project was on its planning stage and recorded construction-in-progress consists primarily of payments for architectural designs. In 1998, the project was put on hold.

Additional investment made by the Parent Company to the joint venture amounted to P282,705 in 2015 and to P887,675 in 2014 for the upkeep of the property. The Parent Company's investment in the project amounted to P61.4 million and P61.1 million in 2015 and 2014, respectively, as shown in the consolidated statements of financial position.

As at December 31, 2015, the Tagaytay Joint Venture is still on hold and the management of the Parent Company is still studying when to resume the development of the property.

The Parent Company believes that there is no indication of impairment on its investment in joint venture.

19. 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, 2015 and 2014					
	Condominium Units and Building Improvements	Office Furniture, Fixtures and Equipment	Machinery and Equipment	Transportation and Other Equipment	Leasehold and Office Improvements	Total
Cost/Revalued amount						
January 1, 2014	P136,163,090	P17,720,081	P -	P17,649,868	P2,226,273	P173,759,312
Additions	16,269,111	1,366,255	-	11,814,864	-	29,450,230
Reclassification	(54,173,019)	-	-	(1,334,822)	-	(55,507,841)
Disposals/Adjustments	-	-	-	(3,638,907)	-	(3,638,907)
December 31, 2014	98,259,182	19,086,336	-	24,491,003	2,226,273	144,062,794
Additions	19,732	2,009,837	-	2,146,846	-	4,176,415
December 31, 2015	**P98,278,914**	**P21,096,173**	**P -**	**P26,637,849**	**P2,226,273**	**P148,239,209**
Accumulated Depreciation and Amortization						
January 1, 2014	P48,738,866	P17,129,469	P -	P12,097,519	P1,301,295	P79,267,149
Provision						
Cost	3,744,583	456,073	-	1,894,443	120,899	6,215,998
Revaluation	1,019,876	-	-			1,019,876
Reclassifications/Adjustments	(39,246,338)	-	-	868,052	-	(38,378,286)
Disposals	-	-	-	(3,045,438)	-	(3,045,438)
December 31, 2014	P14,256,987	P17,585,542	P -	P11,814,576	P1,422,194	P45,079,299

Forward

	For the Years Ended December 31, 2015 and 2014					
	Condominium Units and Building Improvements	Office Furniture, Fixtures and Equipment	Machinery and Equipment	Transportation and Other Equipment	Leasehold and Office Improvements	Total
Provision						
Cost	P3,747,323	P899,310	P -	P3,869,344	P120,898	P8,636,875
Revaluation	1,019,876	-	-	-	-	1,019,876
December 31, 2015	P19,024,186	P18,484,852	P -	P15,683,920	P1,543,092	P54,736,050
Carrying Amounts						
At December 31, 2014	P84,002,195	P1,500,794	P -	P12,676,427	P804,079	P98,983,495
At December 31, 2015	**P79,254,728**	**P2,611,321**	**P -**	**P10,953,929**	**P683,181**	**P93,503,159**

Properties were reclassified to property and equipment from real estate inventories and to investment properties from property and equipment because of the Group's change in use of these properties, which is to use them for the Group's operations and to earn rentals, respectively.

The Condominium Unit and Building Improvements of Tektite Insurance Brokers, Inc. were revalued by an independent appraiser on August 31, 2012. The net book value based on the revalued amount is P1.82 million and P3.19 million as at December 31, 2015 and 2014. If the condominium unit was stated on the historical cost basis, the amount would be as follows:

	2015	2014
Cost	**P6,958,181**	P6,958,181
Accumulated depreciation	**6,494,302**	6,146,393
Net book value	**P463,879**	P811,788

Management believes that there is no indication of impairment on its property and equipment.

20. Investment Properties

This account consists of:

	2015	2014
Condominium units		
PSE Tower I	**P249,252,877**	P249,125,644
PSE Tower II	**49,239,137**	49,239,137
PPMI condo unit	**13,238,946**	13,238,946
	311,730,960	311,603,727
Accumulated Depreciation	**(99,629,968)**	(84,553,678)
	P212,100,992	P227,050,049

The movements of investment properties are summarized as follows:

	Note	2015	2014
Balance, beginning		**P227,050,049**	P275,937,639
Sale		**-**	(48,969,970)
Reclassification from property and equipment	*19*	**-**	54,173,019
Additions		**127,233**	190,652
Depreciation	*35*	**(15,076,290)**	(54,281,291)
Balance, end		**P212,100,992**	P227,050,049

The movements of accumulated depreciation are as follows:

	2015	2014
Balance, beginning	**P84,553,678**	P30,272,387
Provision	**15,076,290**	54,281,291
Balance, end	**P99,629,968**	P84,553,678

In 2014, the Parent Company sold its land in San Fernando and San Juan, La Union for a consideration of P202.12 million with a gain of P148.02 million.

In 2013, the Parent Company sold the Ivy League land and improvements thereon for a consideration of P151.79 million. Gain on sale of Ivy League amounted to P53.67 million.

The aggregate fair values of the investment properties as of December 31 are as follows:

	2015	2014
Condominium units		
PSE Tower I	**P208,077,000**	P291,970,675
PSE Tower II	**85,249,000**	85,249,000
PPMI condominium unit	**14,628,000**	14,628,000
	P307,954,000	P391,847,675

The Group used the cost method in accounting for its investment properties.

Total revenue from the investment properties amounted to P21.2 million, P26.3 million and P27.0 million in 2015, 2014 and 2013, respectively, and are included as part of rent income in the consolidated statements of income. Real property taxes attributable to investment properties amounted to P5,698,799, P7,060,724 and P6,422,595 for 2015, 2014 and 2013, respectively and are included as part of the general and administrative expenses. Total depreciation expense charged to profit and loss amounted to P15,076,289, P15,034,953 and P12,599,194 in 2015, 2014 and 2013, respectively.

The Group believes that there is no indication of impairment on its investment properties as of December 31, 2015 and 2014.

21. Trade and Other Payables

	Note	**2015**	2014
Trade		**P27,202,443**	P12,190,676
Output value added tax - net		**59,491,252**	61,749,932
Retention fee payable		**76,433,155**	56,320,572
Accounts payable - others		**30,925,841**	20,136,936
Accrued expenses		**33,637,069**	17,702,888
Refundable deposits	*33*	**5,647,339**	7,772,241
Customers' deposits		**9,146,542**	7,356,409
Due to government agencies		**4,094,239**	4,962,615
Others		**1,782,429**	1,758,695
		P248,360,309	P189,950,964

Retention fee payable pertains to retention fees received from the contractors of Andrea North Skyline Project.

Accounts payables - others refer to refunds payable, commissions payable and unearned rent income.

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

Customers' deposits consist of downpayments 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.

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

The Group believes that the carrying amount of the trade and other payables approximate fair values.

22. Unearned Income

In 2012, the Group started selling units of The Icon Plaza which is the project under joint arrangement with Xcell Ventures Property, Inc., as disclosed in Note 15. The percentage of completion of The Icon Plaza as of December 31, 2015 is 98.10%.

The Group has an on-going project called the Andrea North Skyvillas Tower ("Skyvillas"). Skyvillas started construction in 2011 and is 70.85% and 31.75% complete as of December 31, 2015 and 2014, respectively.

Details of unearned income are as follows:

	2015	2014
The Icon Plaza		
Total sales value of completed units	**P521,128,591**	P375,292,877
Percentage uncompleted	**1.90%**	9.05%
	P9,901,444	P33,964,005
Skyvillas Tower		
Total sales value of completed units	**P115,145,439**	P41,254,464
Percentage uncompleted	**29.15%**	68.25%
	33,564,895	28,156,172
Total unearned revenue	**P43,466,339**	P62,120,177

23. Loans Payable

In 2015, the Parent Company availed loans from Maybank Philippines, Inc. with total principal amount of P75.51 million. These loans bear 6% interest and are secured by certain accounts receivable of the Company. These loans are payable within one year. Payment of principal and interest amounted to P16.25 million and P1.84 million in 2015, respectively. The outstanding balance as at December 31, 2015 amounted to P59.26 million

24. Retirement Benefit Plans

The Group, except for PPMI which has an unfunded, non-contributory defined benefit retirement plan, operates a 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.

Through its 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 performed as at December 31, 2015 by independent actuaries. 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	
	2015	2014
Discount rate	**5.00%**	4.51%
Future salary increase	**4.00%**	4.00%

Key assumptions used for PPMI:

	Valuation at	
	2015	2014
Discount rate	**5.02%**	4.63%
Future salary increase	**6.00%**	6.00%

Key assumptions used for TIBI:

	Valuation at	
	2015	2014
Discount rate	**4.42%**	3.89%
Future salary increase	**3.39%**	4.00%

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:

	2015	2014
Present value of defined benefit obligation	**P85,029,222**	P70,054,100
Fair value of plan assets	**23,343,613**	15,445,282
Recognized liability	**P61,685,609**	P54,608,818

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

	2015	2014
Liability at beginning of year	**P70,054,100**	P77,473,940
Current service cost	**8,265,399**	6,428,880
Interest cost	**1,299,049**	3,845,763
Benefits paid	**-**	(26,294,981)
Remeasurement (gains) losses		
Changes based on experience	**8,125,581**	16,881,799
Changes in demographic assumptions	**(922,478)**	-
Changes in financial assumptions	**(1,792,429)**	(8,281,301)
Liability at end of year	**P85,029,222**	P70,054,100

The movements in the plan assets are shown below:

	2015	2014
Fair value of plan assets at beginning of year	**P15,445,282**	P9,113,092
Interest income	**662,431**	408,875
Contributions of the employers to the plans	**6,000,000**	32,974,607
Benefits paid	**-**	(26,294,981)
Remeasurement gain (loss)		-
Return on plan assets, excluding amounts included in interest income	**1,235,900**	(756,311)
Fair value of plan assets at end of year	**P23,343,613**	P15,445,282

The major category of plan assets as a percentage of the fair value of total plan assets as of December 31, 2015 and 2014 are as follows:

	2015	2014
Cash and cash equivalents	**70%**	68%
Equity instruments	**30%**	32%
	100%	100%

The retirement expense recognized in profit or loss consists of:

	2015	2014	2013
Current service cost	**P6,516,540**	P6,428,880	P5,698,054
Net interest on defined benefit liability	**3,411,719**	3,436,888	3,016,861
	P9,928,259	P9,865,768	P8,714,915

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

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

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	+100	(P3,775,203)
	-100	4,449,020
Future salary increase	+100	4,467,770
	-100	(3,701,247)

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.

25. Related Party Transactions

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

As at and for the year ended December 31, 2015:	Transactions	Outstanding balance	Terms and conditions
Sale of real estate inventories			Sales of condominium units are based on the price list in force and terms that would be available to third parties. The receivables are secured, and are payable in two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Sale of real estate inventories	P -		
Collections during the year	58,718,875	P31,304,875	
Sale of services			Sales of services are negotiated with related parties on a cost-plus basis.
Principal Shareholder			
Greenhills Properties, Inc.			
Management services	P1,206,057		
Brokering services	552,719		
Collections	(1,758,776)	P -	
Advances			Advances are unsecured and non-interest bearing advances with no fixed term.
Alexandra (USA), Inc., Associate	P -	P132,417,765	
Le Cheval Holdings, Inc., Associate	-	40,102	
Meridian Assurance Corporation	-	(643)	
Less: Allowance for impairment loss	-	(132,417,765)	
Balance, net	P -	(P39,459)	
Key management personnel			Key management includes directors (executive and non-executive).
Short-term benefits			
Salaries and other short-term employee benefits	P58,618,000	P -	Advances from an officer is a non- interest bearing, unsecured and payable within one year from demand.
Termination benefits			
Provision for retirement benefits/PVO	7,814,434	56,341,899	

As at and for the year ended December 31, 2014:	Transactions	Outstanding balance	Terms and conditions
Sale of real estate inventories			Sales of condominium units are based on the price list in force and terms that would be available to third parties. The receivables are secured, and are payable in two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Sale of real estate inventories	P -		
Collections during the year	(61,709,683)	P99,286,817	
Sale of services			Sales of services are negotiated with related parties on a cost-plus basis.
Principal Shareholder			
Greenhills Properties, Inc.			
Management services	P987,551		
Brokering services	459,390		
Collections	(1,446,941)	P -	
Advances			Advances are unsecured and non-interest bearing advances with no fixed term.
Alexandra (USA), Inc., Associate	P -	P132,417,765	
Meridian Assurance Corporation	-	(643)	
Less: Allowance for impairment loss	-	(132,417,765)	
Balance, net	-	(643)	
Key management personnel			Key management includes directors (executive and non-executive).
Short-term benefits			
Salaries and other short-term employee benefits	P32,129,767	P -	Advances from an officer is a non- interest bearing, unsecured and payable within one year from demand.
Termination benefits			
Provision for retirement benefits/PVO	5,970,579	48,527,465	
Advances from an officer	-	1,500,000	

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.

Sale of real estate inventories
In 2012, the Parent Company sold 2 floors of Icon Plaza to Greenhills Properties, Inc., a principal shareholder, amounting to P191,662,500.

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 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. Outstanding receivables amounted to P132.42 million in 2015 and 2014, and is included as part of advances to associates as disclosed in Note 17. The Parent Company has provided an allowance for unrecoverable advances totaling to P132,417,765 as of December 31, 2015 and 2014.

26. Contingencies

Parent Company

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

In 1998, the Parent Company sued Universal Leisure Corporation (ULC) for failing to pay the remaining sales price of condominium units. ULC bought several condominium units under two Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of P32.5 million and P32.4 million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables from DMCI Project Developers, Inc. (DMCI) and Universal Rightfield Property Holdings, Inc. (URPHI). These receivables are allegedly owed by the Parent Company to DMCI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Parent Company, DMCI and URPHI. The Parent Company was ordered to deliver to ULC the titles of the condominium units and return to ULC, as assignee of defendants DMCI and URPHI, the amount of P24.7 million and pay attorney's fees of P600,000. The Parent Company appealed the decision to the Court of Appeals which affirmed the trial court's decision. 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 with the Supreme Court where the matter is still pending as of reporting date.

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.

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.

27. Capital Stock

	2015	2014	2013
Authorized:			
8,000,000,000 common shares - P1 par value	**P8,000,000,000**	P8,000,000,000	P8,000,000,000
Issued and outstanding: 3,688,839,345 shares in 2015; 3,688,808,944 shares in 2014 and; 3,688,735,980 shares in 2013	**3,688,839,345**	P3,688,808,944	P3,688,735,980
Subscribed: 1,314,741,662 shares in 2015; 1,314,772,063 shares in 2014 and; 1,314,845,027 shares in 2013	**1,314,741,662**	1,314,772,063	1,314,901,371
Subscriptions receivable	**(487,854,362)**	(487,884,763)	(509,782,113)
	826,887,300	826,887,300	805,119,258
Additional paid-in capital	**114,751**	P114,751	P114,751
	P4,515,841,396	P4,515,810,995	P4,493,969,989
Treasury stock	**P163,383,895**	P163,383,895	P163,383,895

The Parent Company has one class of common shares which carry no right to fixed income.

On November 21, 2014, the shareholders of the Parent Company approved the amendments to its Articles of Incorporation to reduce the par value of the Parent Company's common shares from P1.00 per share to P0.50 per share and the additional paid in capital arising from the reduction of the par value will be subsequently applied to the Parent Company's accumulated deficit. On February 9, 2016, the SEC approved the Parent Company's quasi-reorganization.

Had the SEC approved the reduction of the par value of the Parent Company's common share and the subsequent application of the APIC to the deficit as at December 31, 2015 and 2014, the total equity attributable to the equity holders of the Parent Company will have been as follows:

	As at December 31, 2015	As at December 31, 2014
Capital Stock	**P2,257,878,523**	P2,257,848,122
Additional paid-in capital	**557,014,317**	557,014,317
Reserves	**138,679,438**	182,304,753
Treasury stock	**(109,712,439)**	(109,712,439)
Deficit	**(139,754,331)**	-
	P2,704,105,508	P2,887,454,753

28. Reserves

	2015	2014	2013
Appropriated retained earnings for:			
Treasury stock acquisition	**P250,000,000**	P250,000,000	P250,000,000
Catastrophe loss			
Balance at beginning of year	**-**	-	660,989
Movements during the year	**-**	-	-
Effect of deconsolidation	**-**	-	(660,989)
Balance at end of year	**-**	-	-
Unrealized holding gain on valuation of AFS investments			
Balance at beginning of year	**(46,106,176)**	(79,209,635)	119,770,865
Movements during the year	**(39,482,274)**	33,103,459	(198,605,518)
Effect of deconsolidation	**-**	-	(10,592,598)
Balance at end of year	**(85,588,450)**	(46,106,176)	(79,209,635)
Remeasurement Loss on Retirement Benefit Obligation			
Balance at beginning of year	**(19,766,095)**	(13,310,112)	(3,818,108)
Movements during the year - gross	**(4,201,274)**	(9,222,833)	(15,605,040)
Movements during the year - tax	**1,260,382**	2,766,850	4,681,512
Effect of deconsolidation	**-**	-	1,431,524
Balance at end of year	**(22,706,987)**	(19,766,095)	(13,310,112)
Property revaluation			
Balance at beginning of year	**1,665,889**	2,379,803	15,115,156
Movements during the year – gross	**(1,019,876)**	(1,019,876)	(3,061,079)
Movements during the year – tax	**305,962**	305,962	918,324
Effect of deconsolidation	**-**	-	(10,592,598)
Balance at end of year	**951,975**	1,665,889	2,379,803
	P142,656,538	P185,793,618	P159,860,056

The Group's appropriated retained earnings amounting to P250,000,000 was allocated for the Parent Company's treasury stock acquisitions.

29. Minority Interest

	2015	2014
UTC		
January 1	**P1,033,921**	P1,321,859
Share in net loss	**(314,011)**	(287,938)
December 31	**719,910**	1,033,921
Share in reserves		
Unrealized holding gain (loss) on valuation of AFS investments		
January 1	**(5,614,678)**	(5,968,261)
Unrealized holding loss	**303,160**	353,583
December 31	**(5,311,518)**	(5,614,678)
	(P4,591,608)	(P4,580,757)

30. Management fees

The Group provides general management services and financial management and supervision over the janitorial and security services thru 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 P27.8 million, P25.4 million and P25.0 million in 2015, 2014 and 2013, respectively.

31. Commission

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

	2015	2014	2013
Insurance brokerage	**P7,987,175**	P6,020,710	P3,687,171
Property management	**940,195**	1,576,265	1,322,062
Others	**449,304**	668,839	633,683
	P9,376,674	P8,265,814	P5,642,916

32. Leases

The Group as lessor
The Group leases various condominium units to various lessees. The minimum guaranteed rentals under such leases for the next five (5) years are as follows:

	2015	2014
Not later than one year	**P3,686,648**	P4,288,900
Later than one year but not later than five years	**159,725**	1,413,832
	P3,846,373	P5,702,732

The rental income earned by the Group during 2015, 2014 and 2013 amounted to P21.24 million, P26.34 million and P26.99 million, respectively. Refundable deposits on these lease agreements amounted to P5,269,473 in 2015, P7,428,761 in 2014, and is included as part of trade and other payables as disclosed in Note 21.

The Group as lessee
The Group leases various office space and storage facilities from affiliated companies and third parties. Total rent expense charged to operations amounted to P881,269, P879,930 and P879,930 in 2015, 2014 and 2013, respectively.

33. Interest Income

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

	Note	**2015**	2014	2013
Joint arrangement		**P10,005,694**	P5,859,375	P15,698,175
Trade receivables	*13*	**1,654,069**	4,146,319	2,300,692
Cash and cash equivalents	*9*	**897,923**	3,454,306	5,611,475
Others		**2,256,011**	1,416,066	4,924,323
		P14,813,697	P14,876,066	P28,534,665

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 16.

34. Other Income

The account consists of:

	Note	**2015**	2014	2013
Reversal of various payables and accruals		**P7,340,207**	P130,534	P39,840,584
Refunds from electric company		**682,033**	556,938	-
Unrealized foreign exchange gain		**539,016**	23,837	735,089
Dividend income	*11*	**313,904**	70	36,632
Holding gain (loss) on trading investments	*10*	**-**	P26,531,263	-
Miscellaneous		**1,663,164**	1,275,864	373,516
		P10,538,324	P28,518,506	P40,985,821

Included in reversal of various payables in 2013 is an adjustment on interest computation on the Parent Company's accrued settlement expense amounting to P39.65 million.

35. General and Administrative Expenses

	Note	**2015**	2014	2013
Salaries, wages, and benefits		**P87,904,836**	P65,971,872	P40,680,121
Outside services		**17,175,857**	4,073,549	2,216,945
Impairment loss on accrued interest receivable		**16,649,171**	-	-
Depreciation and amortization				
Investment property		**15,076,289**	15,034,953	12,599,194
Property and equipment		**9,656,751**	7,235,874	7,061,131
Taxes and licenses		**14,765,770**	25,882,769	18,988,864
Selling expense		**14,559,569**	15,198,332	2,483,673
Transportation and travel		**13,060,244**	11,131,477	8,580,196
Professional fees		**12,280,603**	11,522,424	12,723,215
Condominium dues		**10,675,933**	9,110,840	8,825,203
Insurance and bond premiums		**9,765,808**	3,230,770	2,355,347
Provision for retirement benefits	*24*	**8,902,017**	9,865,768	8,714,915

Forward

	Note	**2015**	2014	2013
SSS, pag-ibig, medicare and other benefits		**P8,527,587**	P8,981,373	P4,569,062
Impairment loss on other assets		**7,770,831**	-	-
Repairs and maintenance		**6,794,934**	2,472,449	618,169
Utilities		**4,184,115**	3,241,953	2,609,412
Impairment loss on advances to subsidiaries and associates		**2,736,538**	-	-
Supplies and materials		**1,873,332**	2,151,393	777,848
Postage and communication		**1,508,691**	735,086	678,083
Rent expense	*32*	**881,269**	879,930	879,930
Corporate social responsibility expenses		**859,836**	178,929	317,158
Impairment loss on trade receivables		**595,557**	-	-
Commission Expense		**531,592**	679,165	730,352
Representation and entertainment		**521,271**	P3,458,866	205,270
Membership dues		**176,993**	214,448	251,312
Impairment loss on investments and advances to associates		**11,250**	-	-
Fringe benefit tax		**-**	-	9,541
Miscellaneous		**6,786,164**	6,913,183	2,279,543
		P274,232,808	P208,165,403	P139,154,484

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

36. Other Expenses

	2015	2014	2013
Foreign exchange loss	**P21,253,539**	P -	P713,206
Bank charges	**159,156**	235,960	91,297
Settlement expenses	**-**	-	7,751,825
	P21,412,695	P235,960	P8,556,328

In 2013, the Parent Company was ordered by the Housing and Land Use Regulatory Board (HLURB) to pay damages amounting P7.75 million to the buyers of condominium units of Andrea Project who filed cases for rescission of their respective contracts to sell. The Parent Company already paid the amount during 2013.

37. Income Taxes

The components of income tax expense (benefit) are as follows:

	2015	2014	2013
Current	**P4,042,657**	P7,735,211	P5,026,475
Deferred	**(1,404,943)**	5,759,717	(870,207)
	P2,637,714	P13,494,928	P4,156,268

A reconciliation between tax expense (benefit) and the product of accounting income (loss) multiplied by 30% in 2015, 2014 and 2013 follow:

	2015	2014	2013
Income (Loss) before income tax	**(P154,091,941)**	P122,704,609	P38,681,962
Income tax expense (benefit)	**(42,306,867)**	36,811,384	11,604,589
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets	**31,099,643**	-	-
Unrealized gain (loss) on trading investments	**6,376,062**	(7,959,379)	213,962
Impairment loss on trade and other receivables	**5,173,418**	-	-
Impairment loss on other assets	**1,834,262**	-	-
Unrecognized NOLCO	**519,595**	468,158	-
Non-deductible cost of sales	**305,000**	7,380,000	-
Other non-deductible expenses	**148**	5,742,481	446,045
Dividend income	**(94,171)**	(21)	(10,990)
Interest income subjected to final tax	**(269,376)**	(1,032,751)	(1,679,099)
Loss on partial disposal of a subsidiary	**-**	-	2,009,658
Expiration of MCIT	**-**	-	27,148
Recovery of unrecognized deferred tax assets	**-**	(27,914,944)	(8,455,045)
	P2,637,714	P13,494,928	P4,156,268

Under Republic Act No. 8424, 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	Effect of deconsolidation	Balance
2015	2018	P2,114,819	P -	P -	P2,114,819
2014	2017	5,943,044	-	-	5,943,044
2013	2016	3,026,439	-	-	3,026,439
2012	2015	2,720,727	(2,305,608)	(415,119)	-
		P13,805,029	(P2,305,608)	(P415,119)	P11,084,302

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

Year Incurred	Expiry date	Amount	Applied/Expired	Effect of deconsolidation	Balance
2015	2018	P104,807,694	P -	P -	P104,807,694
2014	2017	1,580,065	-	-	1,580,065
2013	2016	880,054	-	-	880,054
2012	2015	4,503,526	(1,443,453)	(3,060,073)	-
		P111,771,339	(P1,443,453)	(P3,060,073)	P107,267,813

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

	2015		2014	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred tax assets:				
Provision for retirement benefits	**P59,396,617**	**P17,818,985**	P52,736,166	P15,820,850
Unearned rental income	**-**	**-**	25,677	7,703
	P59,396,617	**P17,818,985**	P52,761,843	P15,828,553
Deferred tax liabilities:				
Revaluation surplus	**1,359,837**	**P407,951**	P2,379,713	P713,914
Unrealized foreign exchange gain	**539,017**	**161,705**	23,837	7,151
Deferred rent income	**-**	**-**	1,656,623	496,987
	1,898,853	**569,656**	4,060,173	1,218,052
	P57,497,763	**P17,249,329**	P48,701,670	P14,610,501

The recognized deferred tax assets were from the Parent Company and PPMI. The Managements of the Parent Company and PPMI have evaluated the available evidence about future taxable income and other possible sources of realization of the recognized deferred tax assets, and consequently believe that the deferred tax assets recognized are fully realizable in the future.

The components of the deferred income tax assets not recognized by the Group are as follows:

	2015		2014	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Allowance for impairment loss on advances to subsidiaries and associates	**P166,223,470**	**P49,867,041**	P163,486,932	P49,046,080
NOLCO	**107,267,813**	**32,180,344**	-	29,330,122
Allowance for doubtful accounts	**37,419,257**	**11,225,777**	P37,419,257	P11,225,777
Allowance for impairment loss on investments in subsidiaries and associates	**19,918,193**	**5,975,458**	19,906,946	5,972,084
Accrued retirement benefit expense	**2,289,000**	**686,700**	1,648,170	494,451
MCIT	**-**	**11,084,302**	-	9,554,020
	P333,117,733	**P111,019,622**	P222,461,305	P105,622,534

The deferred tax assets not recognized were from the Parent Company, TIBI and UTC, this was due to their limited capacity to take full advantage of the tax benefit.

38. Earnings (Loss) Per Share

	2015	2014	2013
Net income (loss) attributable to equity holders of Parent Company	**(P156,415,644)**	P109,497,619	P39,138,234
Weighted average no. of common shares issued and outstanding	**4,877,907,002**	4,877,907,002	4,877,907,002
Income (loss) per share	**(P0.03)**	P0.02	P0.01

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

	2015	2014	2013
Issued and outstanding shares	**3,688,808,944**	3,688,808,944	3,688,735,980
Subscribed shares	**1,314,772,063**	1,314,772,063	1,314,845,027
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, 2015, 2014 and 2013.

39. Note to Consolidated Cash Flows

	2013
Net proceeds from sale of subsidiary	**P13,833,110**

The following are the details of the net proceeds from sale of subsidiary:

Aggregate net assets disposed/ derecognized at date of disposal (excluding cash and cash equivalents):	
Financial assets at FVPL	P14,491,634
Available-for-sale financial assets	23,480,825
Held-for-maturity investments	65,536,370
Trade and other receivables – net	55,145,991
Prepayments and other current assets – net	27,296,328
Property and equipment – net	27,318,648
Goodwill	5,374,610
Trade and other payables	(66,925,107)
Unearned premiums	(45,005,863)
Retirement benefit obligation	(4,586,335)
Funds held for reinsurers	(1,542,664)
Deferred tax liabilities	(1,978,189)
Minority interest	(P33,011,830)
Reserves	(10,197,045)
Retained earnings	10,592,598
	65,989,971
Loss on partial disposal of a subsidiary	(6,698,861)
	59,291,110
Less: Investments retained subsequent to disposal or derecognition	(45,458,000)
	P13,833,110

Satisfied by:	
Cash and cash equivalents received as consideration	P191,000,000
Less: Cash and cash equivalents sold	(177,166,890)
Total net cash consideration	P13,833,110

PHILIPPINE REALTY AND HOLDINGS AND SUBSIDIARIES
Schedule II
Financial Soundness Indicators
As of December 31, 2015

	2015	2014
Current Ratio[1]	**8.59**	13.67
Debt to Equity Ratio[2]	**0.15**	0.11
Asset to Equity Ratio[3]	**1.15**	1.11
Interest Coverage Ratio[4]	**(83.77)**	-
Net Interest Margin Ratio[5]	**(0.45)**	0.11
Return on Assets[6]	**(0.05)**	0.01
Return on Equity[7]	**(0.06)**	0.04
Solvency Ratio[8]	**(0.32)**	0.43

(1) *Current ratio is measured as current assets divided by current liabilities.*
(2) *Debt to equity ratio is measured as total liabilities divided by total equity.*
(3) *Asset to equity ratio is measured as total assets divided by total equity.*
(4) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.*
(5) *Net interest margin ratio is derived by dividing net interest income with average interest earning assets.*
(6) *Return on assets is measured by dividing net income after tax with total assets.*
(7) *Return on equity is measured by dividing net income after tax with total capital accounts.*
(8) *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, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	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: First time adoption of PFRS			✓
PFRS 2	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: Vesting Conditions			✓
PFRS 3	Business Combinations	✓		
	Amendments to PFRS 3*	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5*			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Assets			
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Amendments to PFRS 7: Servicing contracts and Interim Financial Statements*			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8*	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
	Completion of Phase III		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Sale or contribution of assets between an investor and its associate or joint venture*		✓	
	Amendments to PFRS 10*	✓		
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11*	✓		
PFRS 12	Disclosure of Interests in Other Entities		✓	
	Amendments to PFRS 12	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13*		✓	
PFRS 14	Regulatory Deferral Accounts*			✓
PFRS 15	Revenue from Contracts with Customers*		✓	
PFRS 16	Leases	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	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	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16	✓		
	Amendments to PAS 16: Revenue-Based Methods*			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Employee or Third Party Contributions to defined benefit plans			✓
	Amendments to PAS 19: Discount rate for post-employment benefit obligations*		✓	
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			✓
PAS 24	Related Party Disclosures	✓		
	Amendments to PAS 24	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27	Separate Financial Statements	✓		
	Amendments to PAS 27	✓		
	PAS 27: Equity Method*		✓	
PAS 28	Investments in Associates	✓		
	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓

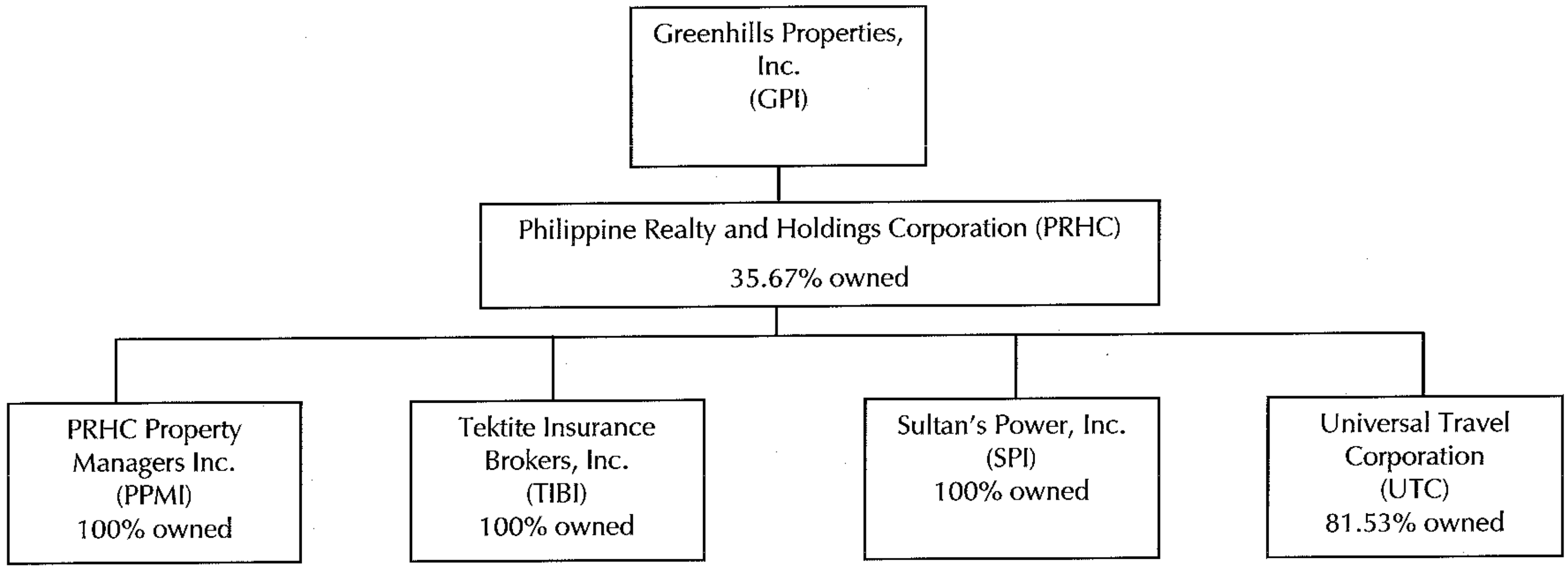
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 34: Information disclosed elsewhere in the interim financial report			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38*			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	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	✓		
	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*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 41*			✓
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 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	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			✓
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			✓

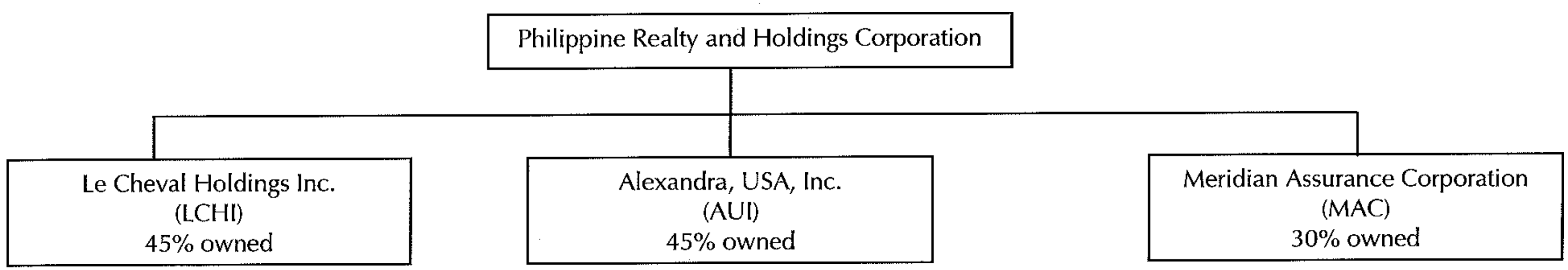
* These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2015.

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2015 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, 2015



Associates:



PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A – Financial Assets
December 31, 2015

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
Financial assets at fair value through profit or loss				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
Premium Leisure Corporation	14,264,120 shares	9,129,037	9,129,037	313,811
	21,014,120 shares	P15,879,037	P15,879,037	P313,811
AFS investments				
Equity securities				
Orchard Golf & Country Club CLASS "C" Shares	1 share	P150,000	P150,000	P -
Valley Golf Country Club	1 share	270,000	270,000	-
Philippine Racing Club (prc)	944 shares	8,874	8,874	93
A. Brown Company, Inc.	123,715,000 shares	92,786,250	92,786,250	-
	123,715,946 shares	93,215,124	93,215,124	93
Unit Investment Trust Fund				
Chinabank	P2,293,405	2,329,183	2,329,183	270,723
	P2,293,405	P95,544,306	P95,544,306	P270,816
Trade and other receivables - net		747,037,227	747,037,227	11,659,763
		P858,460,570	P858,460,570	P12,244,483

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, 2015

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	P52,350,191	P -	P -	P -	P -	P52,350,191	P52,350,191
PRHC Property Managers, Inc., Subsidiary	1,645,926	1,202,240	47,666	-	2,895,832	-	2,895,832
Tektite Insurance Brokers, Inc., Subsidiary	(634,253)	297,158	-	-	(931,411)	-	(931,411)
Sultan's Power, Inc., Subsidiary	-	32,216,549	-	-	32,216,549	-	32,216,549
	P53,361,864	P33,715,947	P47,666	P -	P34,180,970	P52,350,191	P86,531,161

i. If collected was other than in cash, explain.

ii. Give reasons to write-off.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule H – Share Capital
December 31, 2015

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	3,688,839,345	-	95,942,000	10,363,759	-

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.