



CIRCULAR FOR BROKERS NO. 1351-2004

The Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/>	Disclosures	<input type="checkbox"/>	Stockholders' Meeting	Others: _____
<input type="checkbox"/>	Dividend Notice	<input type="checkbox"/>	SEC / Gov't Issuance	_____
<input type="checkbox"/>	Stock Rights Notice	<input type="checkbox"/>	Transfer Agent's Notice	_____

Date : **March 31, 2004**
 Company : **PHILIPPINE REALTY & HOLDINGS CORPORATION**

Philippine Realty & Holdings Corporation ("RLT" or the "Company") furnished the Exchange the attached copy of its letter to the Securities and Exchange Commission dated March 24, 2004, in reply to the Commission's findings on the Company's audited consolidated financial statements for the year ended December 31, 2002.

For your information.

(Original Signed)
MA. PAMELA D. QUIZON-LABAYEN
OIC, Disclosure Department

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408



March 24, 2004

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

Attention: Roberto G. Manabat
General Accountant

In reply to your letter dated March 12, 2004, relative to your findings on the Company's audited consolidated financial statements for the year ended December 31, 2002, please see below our responses:

1. Proper classification of Land Held for Development and for Sale was not made

Due to the Company's present financial condition, developments on land have temporarily stopped. All land owned by the Company including those initially intended for development are now being offered for sale to generate the much needed cash. As such, there is almost no distinction between land held for development and for sale.

2. Nature and source of reported "Other Income"

Other income in 2003 pertains to reversal of long outstanding liabilities as a result of clean up of accounts and foreign exchange gain arising from partial collection of US dollar denominated receivable from Alexandra (USA), Inc., a foreign corporation that is 45% owned by the Company.

The above nature and source of reported "Other Income" was included in the Annual Report and Management's Discussion and Analysis submitted to the SEC.

3. Cash Flows

The reconciliation of the difference between the decrease in other assets account of P47 million as shown in the balance sheets and the decrease in other assets account of P123 million as shown in the statements of cash flows is presented in the attached Exhibit I.



4. Loans

The carrying value of the Company's properties that were used to secure loans as of December 31, 2002 is ₱2,405,300,537.17.

5. Land Held for Development and Sale

As of December 31, 2002, we believe that the overall carrying value of the Company's land held for development and sale, which include non-Fort Bonifacio properties, is not significantly impaired, thus, no allowance for impairment loss was provided. We, however, will evaluate again this year the carrying value of land held for development and sale and will provide an allowance for impairment loss, if necessary.

6. Non-disclosure of the effects of applying SFAS/IAS 38 (Intangible Assets)

SFAS 38 / IAS 38 will be effective for financial statements covering periods beginning on or after January 1, 2003. The Company has yet to adopt the accounting standards.

The Company has no expenditures on research, start-up, training, advertising or relocation that were capitalized as intangible assets. The recorded intangible asset of the Company, goodwill, is already being amortized for a period of 20 years, thus, the adoption of SFAS 38/IAS 38 has no monetary impact on the Company's financial statements.

7. Other Equity Investments

In our future financial statements we will use the account name "Other Investments" instead of "Other Equity Investments" to include investments in government securities.

8. No specific accounting policy on "Borrowing cost"

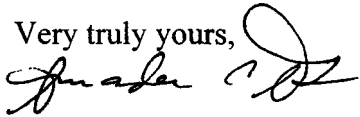
The Company's policy is to recognize the interest and other borrowing costs as expense in the period in which they are incurred.

9. Statement of Management's Responsibility

Although the Statement of Management Responsibility was not signed by the Chairman of the Board of Directors, his signature was affixed in the Annual Report and Management's Discussion and Analysis submitted to the



SEC. We, however, will ensure that his signature will be affixed in our future Statement of Management Responsibility to be submitted to the SEC.

Very truly yours,


Mr. Amador C. Bacani
President

Philippine Realty & Holdings Corporation
Reconciliation of Other Assets in Cash Flows Statement

Other Assets, December 31, 2001 balance	P	61,623,019	
Other Assets, December 31, 2002 balance		14,352,851	
Decrease per Balance Sheet		47,270,168	
Decrease per Cash Flows Statement		123,831,467	
Difference	P	(76,561,299)	
Accounted for as follows:			
Reclassification to Land held for development and sale	P	79,524,328	{a}
Reclassification from various accounts		(2,963,029)	
	P	76,561,299	

{a} Pertains to various expenses incurred in connection with a condominium project.