

COVER SHEET

P W - 3 0 5
S.E.C. Registration Number

K E P P E L P H I L I P P I N E S P R O P E R T I E S ,
I N C O R P O R A T E D

(Company's Full Name)

U n i t s 2 2 0 3 - 2 2 0 4 R a f f l e s C o r p .
C e n t e r F . O r t i g a s A v e . O r t i g a s
C e n t e r , P a s i g C i t y
(Business Address: No. Street City/Town/Province)

Oh Lock Soon
(Contact Person)

5846170
(Company Telephone Number)

1 2 3 1
Month Day
Fiscal Year

SEC FORM 20-IS (DEFINITIVE
INFORMATION STATEMENT)
Form Type

0 6 0 8
Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

-

Amended Articles Number/Section

1,251 as of 31 March 2017

Total No. of Stockholders

Total Amount of Borrowings
- -

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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**NOTICE OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
KEPPEL PHILIPPINES PROPERTIES, INC.**

TO OUR STOCKHOLDERS:

Please take notice that the Annual Meeting of the Stockholders of Keppel Philippines Properties, Inc. (KPPI) shall be held on **08 June 2017, Thursday, at 2:00 p.m.**, at **Kamia 1 & 2 Rooms, EDSA Shangri-La, 1 Garden Way, Ortigas Center, Mandaluyong City.**

The Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 09 June 2016
4. Chairman's Address
5. Presentation and Approval of Y2016 Annual Report and Audited Financial Statements
6. Ratification of Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation during the Year under Review
7. Election of Directors
8. Presentation of Directors' Remuneration for Y2016
9. Appointment of External Auditor for Y2017
11. Other Matters
12. Adjournment

The Board of Directors has fixed the close of business on **08 May 2017** as the record date for the determination of stockholders entitled to vote at the meeting.

Only stockholders of record at the close of business on **08 May 2017** are entitled to notice of, and to vote at, this meeting. Should you be unable to attend the meeting personally, you may opt to send your proxy to attend the meeting on your behalf. If you will be sending your proxy, kindly file your duly executed proxy form with the Corporate Secretary on or before **05 June 2017**. Attached is a sample proxy form for your reference. [NOTE: The Management is not soliciting proxies].

For your convenience in registering your attendance, please bring your Identification Card and present the same at the registration desk at the entrance lobby of **Kamia 1&2 Room, EDSA Shangri-La, 1 Garden Way, Ortigas Centre, Mandaluyong City**. Registration starts at **1:30 p.m.**



Melva E. Valdez
MA. MELVA E. VALDEZ
Corporate Secretary

PROXY

The undersigned (hereinafter referred to as the "Principal"), being a stockholder of Keppel Philippines Properties Inc. ("KPPI"), hereby appoints and empowers **Mr./Ms.** _____ as the proxy to act/vote in the Principal's name and stand at any and all meetings of the stockholders of KPPI until his replacement is duly appointed/empowered, or this proxy is terminated, by the Principal.

Done this ___th day of _____ 2017 at _____ City, Philippines.

Stockholder

(authorized officer)
(indicate position)

***NOTE: If the stockholder is a corporation, the proxy must be signed by an authorized officer of the corporation and must be supported with a Secretary's Certificate containing the Board Resolution on the authority of the officer to appoint the proxy.**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
- Definitive Information Statement

2. Name of Registrant as specified in its charter: **KEPPEL PHILIPPINES PROPERTIES, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Mandaluyong City, Philippines**

4. SEC Identification Number: **PW-305**

5. BIR Tax Identification Code: **000-067-618**

6. Address of principal office: **12 ADB Avenue, Ortigas Center, Mandaluyong City 1550 (business office temporarily moved to Units 2203-2204 Raffles Corporate Center F. Ortigas Jr. Avenue Ortigas Center, Pasig City)**

7. Registrant's telephone number, including area code: **(02) 5846170**

8. Date, time and place of the meeting of security holders:

Date: **8 June 2017, Thursday**
 Time: **2:00 P.M.**
 Place: **Kamia 1&2 Room, EDSA Shangri-La
 1 Garden Way, Ortigas Centre
 Mandaluyong City**



9. Approximate date on which the Information Statement is first to be sent to security holders:

18 May 2017

10. Securities registered pursuant to Sections 8 and 12 of the SRC:

| <u>Title of Each Class</u> | <u>Authorized Capital Stock</u> | <u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u> |
|----------------------------|---------------------------------|---|
| Common Stock | 375,000,000 | 293,828,900 |

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes / No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

(a) The stockholders' meeting shall be held on:

Date: **08 June 2017, Thursday**
Time: **2:00 P.M.**
Place: **Kamia 1&2 Room, EDSA Shangri-La
1 Garden Way, Ortigas Center
Mandaluyong City**

Complete Mailing Address of the Principal Office of the Registrant

**12 ADB Avenue, Ortigas Center, Mandaluyong City 1550 (business office temporarily moved to
Units 2203-2204 Raffles Corporate Center F. Ortigas Jr. Avenue Ortigas Center, Pasig City)**

(b) The approximate date on which the Information Statement is first to be sent or given to security holders shall be **18 May 2017**

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the meeting which may give rise to a possible exercise by security holders of their appraisal rights. Generally however, in the instances mentioned in the Corporation Code of the Philippines, the stockholders of the Corporation have the right of appraisal provided that the procedures and the requirements of Title X governing the exercise of the right is complied with and/or followed.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- a) There are no transactions or matters known to the registrant to be taken up in the meeting in which the Directors, Executive Officers, Nominees or Associate/s have any interest other than the election of Directors.
- b) No Director or Officer of the registrant has informed the registrant of any intention to oppose any action intended to be taken up at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a) Class of Voting Shares (as of **31 March 2017**)

| Class of Voting Shares | No. of Shares Outstanding | No. of Vote/s Each Share is Entitled |
|------------------------|---------------------------|--------------------------------------|
| Common Shares | 293,828,900 | One (1) vote per share |

- b) The record date is **08 May 2017** for purposes of determining the stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.
- c) The election of directors shall be taken up at the meeting and pursuant to Section 24 of the Corporation Code, each stockholder shall have the right to cumulate his votes in favor of any nominee(s) for director. There are no conditions precedent for the exercise of the cumulative voting rights in the election of directors. A stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.
- d) Information required by Part IV(C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made:

1) Security Ownership of Certain Record and Beneficial Owners of more than 5% as of **31 March 2017**:

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of **31 March 2017** are as follows:

| Title of Class | Name and Address of Record Owner and relationship with The Company | Name of Beneficial Owner and relationship with Record Owner | Citizenship | No. of Shares Held | Percent of Class |
|------------------------|---|---|-------------|--------------------|------------------|
| Common Shares of Stock | Keppel Land Limited ¹ 230 Victoria Street, #15-05 Bugis Junction Towers, Singapore 188024 (Stockholder) | Same as Record Owner | Singaporean | 148,365,050 | 50.49% |
| Common Shares of Stock | Kepwealth, Inc. ² Unit 3-B Country Space I Bldg, Sen. Gil Puyat Avenue, Makati City (Stockholder) | Same as Record Owner | Filipino | 51,033,178 | 17.37% |
| Common Shares of Stock | Keppel Corporation Limited ³ 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632 (Stockholder) | Same as Record Owner | Singaporean | 35,783,742 | 12.18% |

| | | | | | |
|------------------------|---|----------------------|----------|------------|--------|
| Common Shares of Stock | PCD Nominee Corp. – Filipino 4 G/F Makati Stock Exchange Building 6767 Ayala Avenue Makati City | Various ⁵ | Filipino | 30,744,799 | 10.46% |
|------------------------|---|----------------------|----------|------------|--------|

- 1 Mr. Sam Moon Thong; is authorized as proxy to vote for the shareholdings of Keppel Land Limited.
- 2 Mr. Stefan Tong Wai Mun, or in his absence, the Chairman of the meeting is duly authorized as proxy to vote in the shares of Kepwealth, Inc. in the Company.
- 3 Mr. Stefan Tong Wai Mun, or in his absence, the Chairman of the meeting is duly authorized as proxy to vote for the shareholdings of Keppel Corporation Limited (KCL) in the Company.
- 4 PCD Nominee Corporation (PCNC) is a wholly owned subsidiary of the Philippine Central Depository, a corporation established to improve operations in securities transactions and to provide a fast, safe and highly efficient system for securities settlement in the Philippines. PCNC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the Philippine Stock Exchange are finally settled with the PCD. However, while PCNC is the actual shareholder in the said company, shares held by PCNC do not grant voting powers to it as beneficial ownership of the shares still remain with the lodging stockholder. By policy, PCNC does not vote the shares it was entrusted with it in its name.
- 5 The Hongkong and Shanghai Banking Corp., Ltd. is the beneficial owner of the following shares of the Company as of 31 March 2017:

| | <u>No. of shares held</u> | <u>% of class</u> |
|--|---------------------------|-------------------|
| The Hongkong and Shanghai Banking Corp. Ltd. | 18,496,016 | 6.29% |

NOTE: The Company has no information yet as to who will be exercising the voting power over the shares of The Hongkong and Shanghai Banking Corp. Ltd.

2) Security Ownership of Directors and Management as of 31 March 2017:

As of 31 March 2017, the shareholdings of the Directors of the Company are set forth in the table below:

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | Percent of Class |
|------------------------|--------------------------|---|-------------|------------------|
| Common Shares of Stock | Lim Kei Hin | 1 | Singaporean | 0.00% |
| Common Shares of Stock | Ramon J. Abejuela | 1 | Filipino | 0.00% |
| Common Shares of Stock | Celso P. Vivas | 1 | Filipino | 0.00% |
| Common Shares of Stock | Sam Moon Thong** | 1 | Singaporean | 0.00% |
| Common Shares of Stock | Stefan Tong Wai Mun | 10,000 | Malaysian | 0.00% |
| Common Shares of Stock | Oh Lock Soon | 1 | Singaporean | 0.00% |

| | | | | |
|------------------------|---------------|-----------|-------------|-------|
| Common Shares of Stock | Lee Foo Tuck* | 1,455,707 | Singaporean | 0.50% |
| Common Shares of Stock | Tan Siew Ngok | 1 | Singaporean | 0.00% |

* resigned on 31 March 2017

** Elected on 27 April 2017 to replace Mr. Ng Ooi Hooi

Aside from Mr. Lee Foo Tuck whose security ownership is reflected above, none of the other compensated executive officers have Security Ownership in the Company as shown in the list of shareholders' purchases provided by the Company's transfer agent.

The total security ownership of all directors and officers as a group unnamed is 1,465,713 shares or 0.50% of total shares outstanding.

3) Voting Trust Holders of 5% Or More

As 31 March 2017, there are no individuals or parties who hold 5% or more of the Company's common stock under a voting trust or similar agreement.

4) Changes in control

There were no events or arrangements which may result in a change in control of the Company.

d) No change in control of the registrant has occurred since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

1) Directors, Executive Officers, Promoters and Control Persons

(a) Board of Directors

At present, there are seven (7) seats in the Board. The term of office of each member is one (1) year. The directors are elected annually during the annual stockholders' meeting, to serve as such, until the next annual stockholders' meeting and until their successors shall have been duly elected and qualified. The current members of the Board of Directors are as follows:

1) **Mr. Ng Ooi Hooi**, 56, Singaporean, was elected Chairman and Director of the Company in January 2016.

Mr. Ng joined Keppel Land Group in 2007 and is currently President, Regional Investments, overseeing the Group's businesses in India, Middle East, Thailand, Myanmar, Malaysia and Sri Lanka. He was previously General Manager, Regional Head (and before that General Manager, Business Development) of Keppel Land China Limited. From 2008 to 2011 Mr. Ng was deployed as Deputy Chief Executive Officer of the Sino-Singapore Tianjin Eco-City Investment and Devt Co Ltd.

Prior to joining Keppel Land Group, Mr. Ng served for 22 years in the Singapore Administrative Service, and held key appointments in several government ministries and statutory boards.

Mr. Ng is a Director of a number of subsidiaries and associates in Keppel Land Group.

Mr. Ng holds a Master Degree in Public Administration from Harvard University and a Bachelor of Economics (First Class Honours) Degree from the Australian National University.

NOTE: Resigned as of 27 April 2017.

- 2) **Mr. Ramon J. Abejuela (Independent Director)**, 68 years old, Filipino, has been an Independent Director of the Company from November 1999 to June 2008. He was re-elected in June 2009 and is currently the Chairman of the Audit Committee of the Company.

Mr. Abejuela serves as Director of Philippine Nutrifoods Corporation and NCP Publishing Corporation.

Mr. Abejuela holds a Bachelor of Science in Chemical Engineering (Cum Laude) Degree from De La Salle University and Master's Degree in Business Management – General Management Curriculum from Asian Institute of Management.

- 3) **Mr. Celso P. Vivas (Independent Director)**, 70, Filipino, has been an Independent Director of Keppel Philippines Properties, Inc. since November 2004 and is a member of the Company's Audit Committee.

Mr Vivas is a Certified Public Accountant and is currently Vice-Chairman and CEO of the Corporate Governance Institute of the Philippines. He is a member of Marubeni Foundation's Board of Trustees and Canadian Chamber of Commerce's Board of Governors. He is also an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc., as well as an Independent Director and a member of the Audit Committee of Keppel Philippines Holdings, Inc. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001.

Mr. Vivas holds a Bachelor of Business Administration (Cum Laude) Degree from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar).

- 4) **Mr. Stefan Tong Wai Mun**, 44, Malaysian, was elected as a Director of the Company in June 2007. He is currently the President and Director of Keppel Philippines Holdings, Inc. He is also the Executive Vice President and Director of Keppel Philippines Marine, Inc. and Director of Keppel Subic Shipyard, Inc. He is also Director of various Keppel companies in the Philippines.

Mr. Tong holds a Bachelor of Commerce (Honours) Degree from University of Western Australia. He is also a Member of the Institute of Chartered Accountants in Australia.

- 5) **Mr. Oh Lock Soon**, 58, Singaporean, was elected as a Director and President of the Company to replace Mr. Lee Foo Tuck on 31 March 2017. Prior to his election, Mr. Oh Lock Soon served as the President of Keppel Thai Properties Public Company Limited from Jan. 2012 until June 2016. He served as an Executive Director at Keppel Thai Properties Public Company Limited from December 2011 until June 2016. Further, under Keppel Land International Ltd., Mr. Oh served as President (Thailand) under the Regional Investments Division.

Prior to joining Keppel Land International Ltd., Mr. Oh served as Director for Qingjian Realty Pte. Ltd. He also served as General Manager for Acacio Concept Singapore Pte. Ltd. in 2010. In 2009, he sat as General Manager of Qingjian Precast Pte. Ltd. Mr Oh was the Chief Operating Officer of TCCCapitalland (Thailand) Limited, a joint venture between Capital Land (Singapore) Limited and TCC Land (Thailand) Limited from Nov 2006 until Dec 2008.

Mr. Oh holds a Bachelor of Science degree in Civil Engineering, Honors from University of Southampton and Master of Science degree in Concrete Structure from the Imperial College of Science, Technology and Medicine, University of London, U.K.

- 6) **Mr. Lim Kei Hin**, 59, Singaporean, was elected as a Director of the Company in June 2011. Mr. Lim joined the Keppel Land Group as Chief Financial Officer in July 2007.

Prior to joining the Keppel Land Group, he was with Singapore Airlines Limited and has more than 20 years of diverse experience having served in different financial and general management roles in Singapore, the Philippines, Australia and the USA. His last appointment was Chief Financial Officer of Singapore Airport Terminal Services Limited.

Mr. Lim is a Director of Keppel REIT Management Limited and a number of subsidiaries and associated companies of the Keppel Land Group.

Mr Lim holds a Bachelor of Science (Economics) Degree in Accounting & Finance (Honours) from the London School of Economics & Political Science, UK.

- 7) **Ms. Tan Siew Ngok**, 60, Singaporean, was elected as a Director of the Company in March 2015. Ms. Tan is the General Manager (Finance and Administration) of Keppel Land International Limited from 2011 to present. She is also a Director of subsidiaries and associated companies of the Keppel Land Group.

Ms. Tan holds a Bachelor in Commerce (Accountancy) Degree from Nanyang University, Singapore. She is a Fellow of CPA, Australia and a Fellow of Institute of Singapore Chartered Accountants.

- 8) **Mr. Sam Moon Thong**, 52, was elected Director/Chairman on 27 April 2017 to replace Mr. Ng Ooi Hooi. Mr. Sam joined the Keppel Land Group in 2003 and is currently President, Regional Investments, overseeing the Group's business in India, Thailand, Myanmar, Malaysia, Philippines, Sri Lanka and Middle East. His previous appointments include President, Indonesia, overseeing the Group development and investments in Indonesia as well as General Manager, Investment, overseeing business development and asset management activities outside China and Singapore. Mr. Sam has over 20 years of experience in investing and managing real estate projects in the Asia Pacific region.

Prior to joining Keppel Land Group, Mr. Sam was Vice-President, Real Estate Development and Investment at Ascendas Pte Ltd and Business Development Manager at Fraser Centrepoint Limited, overseeing business development and investment in South-East Asia, South Asia and China. He started his career with the Urban Redevelopment Authority where he held responsibilities in the Land Management and Sale of Sites Departments.

Mr. Sam is a Director of a number of subsidiaries and associates in the Keppel Land Group.

He holds a Bachelor of Science (Estate Management) (Honours) Degree from National University of Singapore, and a Master of Business Administration Degree from the University of Dubuque, Iowa USA.

(b) The Screening Committee composed of Mr. Ng Ooi Hooi, Chairman(replaced by Mr. Sam Moon Thong on 27 April 2017), Mr.Celso P. Vivas, Independent Director, and Mr. Stefan Tong Wai Mun received recommendations for the position of Independent Director. Said recommendations were signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees. After pre-screening the qualifications of the candidates, the Final List of Candidates was prepared by the Committee, to wit:

| Nominee | Nominating Stockholder | Relationship with the Nominee |
|----------------------|------------------------|-------------------------------|
| 1. Ramon J. Abejuela | Oh Lock Soon | None |
| 2. Celso P. Vivas | Stefan Tong Wai Mun | None |

1) **Ramon J. Abejuela** (Please see foregoing director's profile)

2) **Celso P. Vivas** (Please see foregoing director's profile)

The Amended By-Laws of the Corporation, as approved by the SEC on 30 March 2007, provides for the procedure on the nomination and election of Independent Directors pursuant to SRC Rule 38, as

amended. The Nominations Committee receives recommendations for independent directors, signed by the nominating stockholders with the conformity of the would-be nominee. After pre-screening the qualifications of the nominees, the Committee prepares the Final List of Candidates ("List"). Only the names of nominees appearing in the List shall be eligible for election as independent director at the annual stockholders' meeting.

(c) Nominees for Election as Members of the Board of Directors

The following incumbent members of the Board of Directors were nominated as directors for the calendar year 2017-2018:

- 1) Sam Moon Thong
- 2) Ramon J. Abejuela - Independent Director
- 3) Celso P. Vivas – Independent Director
- 4) Stefan Tong Wai Mun
- 5) Oh Lock Soon
- 6) Lim Kei Hin
- 7) Tan Siew Ngok

The Screening Committee has received only seven (7) nominees for director for the forthcoming election.

(d) Incumbent Officers

The current key officers of the Company are as follows:

| | |
|----------------------|--|
| Sam Moon Thong | Chairman |
| Oh Lock Soon | President |
| Almira A. Añonuevo | Treasurer/Manager-Finance & Administration |
| Ma. Melva E. Valdez | Corporate Secretary/Corporate Information & Compliance Officer |
| Myla Gloria A. Amboy | Assistant Corporate Secretary |

1. Oh Lock Soon, 58, Singaporean. (*See foregoing director's profile*)
2. Almira A. Añonuevo, 42, Filipino, was appointed Treasurer of the Company on June 2012. She joined the Company on July 2011 as Manager, Finance & Administration. She is a Certified Public Accountant and has received various International Standard Certifications for her competencies in Understanding the Requirements of Quality Management Systems, Management Systems Auditing Techniques and Leading Management Systems Audit. She started her professional accounting stint as an Experienced Auditor at SGV & Co., while in the Keppel Group, as Finance Manager for Keppel Communications Philippines, Inc. She has also served as Consultant and Audit Manager to various local and multinational companies, namely; Schutzengel Telecoms, Trisilco Folec Philippines, Inc. and Eagle Broadcasting Corporation.
3. Atty. Ma. Melva E. Valdez, 57, Filipino, has been the Corporate Secretary of the Company since 1999. She also served as Director of the Company from June 2008 to June 2009. She was elected director of Keppel Philippines Holdings (KPH) in 2001. Atty. Valdez is also the Corporate Secretary of KPH since 1998. She is a Senior Partner and Chairman of the law firm of Jimenez Gonzales Bello Valdez Caluya & Fernandez (JGLaw). She is also the Corporate Secretary of Keppel Philippines Marine, Inc. (KPMI), Mabuhay Vinyl Corporation (listed corporation), Subic Shipyard & Engineering Works, Inc., EMS Components Assembly Inc., EMS Resources Technology Inc., EMS Land Services Inc., Alliance Mansols Inc., Wartsila Philippines Inc. and Asian Institute of Management. She is also a member of the Board of Directors of Leighton Contractors (Philippines), Inc., Servier Philippines, Inc., Buena Homes (Sandoval), Inc. and Asia Contractors Holdings, Inc. She holds directorship positions in the following companies: Logwin Air + Ocean Philippines, Inc., KPSI Property, Inc., Opon Realty & Development Corp., Opon-Ke Properties, Inc., KP Capital, Inc., Bridex Electric Philippines, Inc., Asia Control Systems Philippines, Inc., Kepwealth

Property Philippines, Inc., Trisilco Folec Philippines, Inc. and Norfolk International, Inc. Atty. Valdez graduated from the University of the Philippines with a Bachelor of Arts Degree in Political Science and a Bachelor's Degree in Law. She has 29 years of working experience in her field of profession as a lawyer.

4. Atty. Myla Gloria A. Amboy, 46, Filipino, was elected as the Company's Assistant Corporate Secretary on 31 March 2007. She is a Senior Associate of the law firm of Jimenez Gonzales Liwanag Bello Valdez Caluya & Fernandez (JG Law). She is also the Assistant Corporate Secretary of SM Keppel Land, Inc., Mabuhay Vinyl Corporation (listed corporation), CSRI Investment Corporation, Creotec Philippines Inc., Buena Homes (Sandoval) Inc., and Opon Ventures Inc. and the Corporate Secretary of Opon Realty Development Corporation, Buena Homes Inc., Opon-KE Properties, Inc. and Servier International Philippines, Inc. Atty. Amboy graduated from San Beda College of Law with a Bachelor's Degree in Law and San Sebastian College with a Bachelor's Degree in Political Science (Cum Laude).

The Officers are elected/appointed annually by the Board of Directors at its organizational meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected/appointed and shall have qualified.

a. Significant Employees

There are no other employees other than the officers mentioned herein as executive officers who are expected to make a significant contribution to the business.

b. Family Relationship of Directors and Officers

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the company to become directors or executive officers, any security holder of certain record, beneficial owner or management.

c. Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of the directors and officers/nominees was involved during the past five (5) years up to 31 March 2017 in any litigation nor any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

d. Certain Relationships and Related Transactions

- a) During the last two (2) years, no director of the Company has received or become entitled to receive any benefit by reason of any contract with the Company, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

There are no transactions in the last two (2) years or proposed transactions to which the registrant was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- ii. Any director or executive officer of the Corporation
- iii. Any nominee for election as a director;
- iv. Any security holders;
- v. Any member of the immediate family of the preceding persons.

- b) The parent company of the registrant is Keppel Land Limited (KLL). KLL owns 50.49% of the Company's capital stock.

Details of the Company's related party transactions are explained in Note 10 of the Notes to the Audited Financial Statements of the Company (Page 9).

- B. No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

The Company has four (4) executive officers as of 31 March 2017.

- a. The aggregate annual compensation (including salary and benefits) paid to the four (4) most highly compensated executive officers is summarized in the table below:

| Names & Principal Position | Year | Salary | Bonus | Others | Total |
|---|-----------------|-----------------|-------|--------|-------|
| | | In Php Millions | | | |
| Lee Foo Tuck* President | | | | | |
| Almira A. Anofuevo Treasurer/Manager – Finance & Administration | | | | | |
| Michelle G. Curiano Manager – Human Resources | | | | | |
| Cyril Q. Mating Deputy Manager – Finance & Administration | | | | | |
| Aggregate for top four executive officers | 2017 (Estimate) | 6.52 | 0.22 | 0.00 | 6.74 |
| | 2016 (Actual) | 6.21 | 0.21 | 0.00 | 6.42 |
| | 2015 | 4.40 | 0.01 | 0.20 | 4.61 |
| Aggregate for all other officers and directors as a group unnamed | 2017 (Estimate) | 1.30 | 0.00 | 0.00 | 1.30 |
| | 2016 | 1.18 | 0.00 | 0.00 | 1.18 |
| | 2015 | 1.36 | 0.00 | 0.00 | 1.36 |

* resigned on 31 March 2017 and was replaced by Oh Lock Soon

Note: Only the abovementioned officers are considered most highly compensated. The next level below the abovementioned executive officers are the rank and file employees. The Corporate Secretary is not considered as an executive officer of the company.

Executive Officers do not receive any other form of remuneration aside from the above compensation. There are no arrangements and/or employment contracts between the Company and executive officers providing for any compensatory plan or arrangement for payment upon resignation, retirement, termination or cessation of employment.

- b. The Company's By-Laws provide that, by resolution of the Board, each Director shall receive a per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) of the net income before tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in

such manner as the Board may deem proper, subject to the approval of the stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. With respect to directors' remuneration, the directors are being paid directors' fees of ₱60,000 each per annum. Payment of directors' fee of ₱60,000.00 per director for 2016 will be presented to the stockholders for approval at the annual stockholders' meeting. Each director also receives an amount of P7,000 per diem for attendance at every board meeting.

- c. There are no other standard or special arrangements and no special consulting contracts awarded to any director or officer of the Company by which they were compensated, or to be compensated, directly or indirectly, and there are no amounts payable to any of the directors arising from participation in any working committee or special assignments in the current fiscal year or in the coming year.
- d. There are no employment contract/s, termination and change in control arrangements including pension/s or retirement plan/s in which any of the directors and officers will participate.
- e. There are no outstanding warrants or options held by the registrant's chief executive officers, executive officers and all officers and directors as a group.

Item 7. Independent Public Accountant

- a) The Board of Directors has yet to approve the appointment of the Corporation's external auditor based on the recommendation of the Audit Committee, for the year 2017, for a fee to be approved by the Board of Directors. The same will be submitted to the stockholders for approval.

The Audit Committee, composed of Ramon J. Abejuela (Chairman/Independent Director), Celso P. Vivas (Independent Director) and Stefan Tong Wai Mun, evaluates proposals based on the quality of service, commitment for deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.

- b) Isla Lipana & Co., represented by Mr. Roderick M. Danao as partner-in-charge, was the Company's external auditor for the year ended 31 December 2016. Pursuant to SRC Rule 68(b)(iv) of the Amended Implementing Rules and Regulations of the SRC re rotation of external auditors, the Company has not engaged Mr. Roderick M. Danao for more than five (5) years.
- c) Representatives of Isla Lipana & Co. will be present at the stockholders' meeting and are expected to be available to respond to appropriate questions. The accountant/s have the opportunity to make a statement if he/they desire to do so.
- d) The aggregate annual external audit fees billed for each of the last two (2) fiscal years from the audit of the Company's annual financial statements or services that are normally provided by the external auditor are as follows:

| | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| 1. Audit and other assurance or related services by the external auditor that are reasonably related to the performance of the auditor's review | ₱400,000 | ₱565,070 |
| 2. Tax Fees | - | - |
| 3. All Other Fees | - | - |

- e) During the registrant's two most recent fiscal years or any subsequent interim period:
 - 1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary has resigned (or indicated it has declined to stand for reelection after the completion of the current audit) or was dismissed; and,

- 2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statement or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

Item 8. Compensation Plans

- a. The Company has no plan or action to be taken with respect to any stock options, warrants or rights plan.
- b. The Company has no plan or action to be taken with respect to non-cash compensation to be paid or distributed other than the compensation stated in Item 6.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 10. Modification or Exchange of Securities

None

D. OTHER MATTERS

Item 15. Actions with Respect to Reports

The approval of the stockholders on the following matters will be taken:

- a) Annual Report/Audited Financial Statements of the Company for the year ending 31 December 2016. Approval of the Annual Report/Audited Financial Statements constitutes a ratification of the company's performance during the previous fiscal year as contained therein.
- b) Minutes of the 09 June 2016 Annual Meeting of the Stockholders.

Approval of the minutes of the Y2016 Annual Meeting of the Stockholders constitutes ratification of the accuracy and faithfulness of the minutes as to the events that transpired during the said meeting such as

- (1) Approval of the Minutes of the Stockholders' Meeting held on 11 June 2015;
- (2) Chairman's address;
- (3) Presentation and Approval of the Y2015 Annual Report and Audited Financial Statements;
- (4) Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation during the Year under Review;
- (5) Election of Directors;
- (6) Approval of Directors' Remuneration for Y2015; and
- (7) Appointment of External Auditor for Y2015;

This does not constitute a second approval of the same matters taken up at the Y2016 Annual Stockholders' Meeting which have already been approved.

- c) Election of the Members of the Board of Directors for the ensuing calendar year 2017.
- d) Approval of Directors' Remuneration for Y2016.
- e) Appointment of External Auditor for Y2017.

Item 16. Matters Not required to be Submitted

The Company does not intend to submit to a vote of its stockholders any action/s which is/are not required to be submitted to stockholders' vote.

Item 17. Amendment of Charter, Bylaws or other Documents

There is no action to be taken with respect to the Company's Charter, By-Laws or other documents.

Item 18. Other Proposed Action

- a) Ratification of all acts and proceedings of the Board of Directors, Officers and Management covering the period from the date of the last annual stockholders' meeting up to 08 June 2017. These acts and proceedings are covered by resolutions of the Board of Directors duly adopted in the course of business such as: appointment of signatories, approval of signing authorities and limits, treasury matters related to opening of bank accounts, and appointment of officers.

No action on any matter, other than those stated in the agenda for the meeting, is proposed to be taken except for matters of incidence that may properly come during the meeting.

Item 19. Voting Procedures

Except on the election of directors, an affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient to approve matters requiring stockholders' action.

The holders of a majority interest of all outstanding stock of the company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business.

The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method (or voting by raising of hands). For the election of directors, the counting will be cumulative. The Corporate Secretary assisted by the Company's External Auditor, shall be responsible for the counting/validation of votes.

PART II

INFORMATION REQUIRED IN A PROXY FORM

NOT APPLICABLE

PART III**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 15 May 2017.

KEPPEL PHILIPPINES PROPERTIES, INC.


MYLA GLORIA A. AMBOY
Assistant Corporate Secretary

MANAGEMENT REPORT

❖ INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

Audit and Audit Related Fees

Isla Lipana & Co. was the external auditor of the registrant for the year ended 31 December 2016. The external auditor for the years ended 31 December 2015 and 2014 was Sycip Gorres Velayo and Co. (SGV). The Company incurred aggregate charges amounting to P565,070.00 in FY2015 for the audit of the Company's annual financial statements. For FY2016, the Company was billed for the audit of its 2016 annual financial statements in the aggregate amount of P400,000.00. Fees Paid to Independent Accountant is made up of audit and audit related fees only. There were no other fees paid.

There were no other services performed by Isla Lipana and SGV for the last two (2) fiscal years.

The Audit Committee reviews and pre-approves all audit plans and other services to be performed by the external auditors prior to submission to the Board of Directors for approval. The Audit Committee's approval policies and procedures comprise of assessing the proposed scope of audit work to be conducted, evaluating if there are material audit issues to be resolved, and then determining whether the fee charged is commensurate with the work carried out.

Tax Fees : Nil

All Other Fees : Nil

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements with the independent accountants relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure for the last two (2) fiscal years.

❖ BUSINESS AND GENERAL INFORMATION

BUSINESS

Keppel Philippines Properties, Inc. (the "Parent Company" or "KPP"), and its subsidiaries (collectively referred to as "the Group") are stock corporations organized under the laws of the Philippines. The Parent Company was first incorporated on 07 February 1918 under the name Hoa Hin Co., Inc., then renamed to Cebu Shipyard and Engineering Works, Inc. in 1957, then to its present name Keppel Philippines Properties, Inc. in 1998. KPP holds investments in associates involved in property holding and development and renders property management consultancy services to these associates. Associated companies are engaged in acquisition and development of suitable land sites for residential, office and commercial uses. The Parent Company is majority owned by Keppel Land Limited (KLL), a subsidiary of Keppel Corporation Limited (KCL) of Singapore.

Subsidiaries

CSRI Investment Corporation (CSRI) was incorporated in the Philippines and was registered with SEC on 25 October 1990. CSRI, a wholly owned subsidiary of KPP, is a holding company with investments in stocks, shares, securities and other investment instruments similar or related in nature. CSRI transferred its shipyard related properties to Keppel Cebu Shipyard, Inc. in August 1999. Its source of income is solely from investment in securities.

Buena Homes, Inc. (BHI) was incorporated in the Philippines on 25 May 2000. BHI, a wholly owned subsidiary of KPP, is engaged in property holding and development. It is presently developing, Palmdale Heights, a residential condominium project in Pasig City through Buena Homes (Sandoval) Inc. (BHSI), which is 40% owned by BHI.

Associates

SM Keppel Land, Inc. (SMKL), which is 40% owned by KPP, is engaged in property development and leasing. Its current project includes the The Podium Mall. It is located in the central business district of Ortigas, Mandaluyong City, Metro Manila. Within the five-storey mall, it offers first-class shopping experience with a mix of 156 specialty stores featuring well known international and local labels. It has a wide selection of fine restaurants, service outlets and two cinemas. The total leasable area is 16,995 sqm with occupancy rate of 90% as of 31 December 2016. The operation of the mall is handled by Shopping Center Management Corporation (SCMC).

Construction of SMKL Phase 2 Mixed Use Development is on going. The project site is a 12,540 sqm plot beside The Podium. It is the site of the former Benguet Centre Building which was demolished in May 2010. When completed, the development will have an expanded and integrated 6-level basement carpark (estimated gross floor area of 77,520 sqm) and 5-storey retail mall (estimated gross floor area of 34,000 sqm) linked to the existing Podium mall. A 42-storey Grade A, LEED Gold certified office tower (estimated gross floor area of 112,500 sqm) will be constructed on top of the expanded retail mall. Main contract works were awarded in January 2015. Phase 2 is planned to be operational by September 2017. Construction of the office tower is estimated to begin after operation of the mall in September 2017.

❖ MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Comparative Financial Update and Analysis

a) For First Quarter ended 31 March 2017

Key Performance Indicators

| For The Quarter Ended | 31March 2017 (Unaudited) | 31March 2016 (Unaudited) | % Change |
|------------------------------------|------------------------------|-------------------------------|----------|
| Return On Assets | (0.39%) | (0.17%) | 129% |
| Loss Per Share | ₱0.023 | ₱0.010 | 130% |
| Operating Expense Ratio | 333.65% | 150.30% | 122% |
| As At | 31 March 2017 (Unaudited) | 31 December 2016 (Audited) | % Change |
| Net Tangible Asset Value Per Share | ₱3.42 | ₱3.44 | (0.58%) |
| Working Capital Ratio | 2.3:1 | 2.3:1 | (0.00%) |

- A. **Return On Assets** - It indicates how effectively the assets of the Group are utilized in generating profit. Net loss after tax for the first quarter of 2017 amounted to ₱6.7 million which increased by ₱3.7 million from ₱3.0 million net loss for the same period in 2016. This unfavorable increase was due to a significant increase in general and administrative expenses combined with the decrease in equity in net earnings of associates and a joint venture.

| | <u>First Quarter 2017</u> | <u>First Quarter 2016</u> |
|-------------------------------|---------------------------|---------------------------|
| Net Loss After Tax (a) | ₱6,733,982 | ₱2,963,124 |
| Total Assets At Beginning (b) | ₱1,737,255,335 | ₱1,767,973,179 |
| Return On Assets (a/b) | (0.39%) | (0.17%) |

B. Loss Per Share - It represents the equivalent apportionment of net loss to each share of common stock outstanding. For the first quarter of 2017 and 2016, loss per share amounted to ₱0.023 and ₱0.010, respectively. The unfavorable performance was due to higher net loss incurred in the first quarter of 2017 as compared to the same period in 2016.

| | <u>First Quarter 2017</u> | <u>First Quarter 2016</u> |
|----------------------------|---------------------------|---------------------------|
| Net Loss After Tax (a) | ₱6,733,982 | ₱2,963,124 |
| Number of Common Stock (b) | 293,828,900 | 293,828,900 |
| Loss Per Share (a/b) | ₱0.023 | ₱0.010 |

C. Operating Expense Ratio - It measures operating expenses as a percentage of revenues. The Operating Expense Ratio increased by 122% due to decrease in revenue by 44% and increase in operating expenses by 24%.

| | <u>First Quarter 2017</u> | <u>First Quarter 2016</u> |
|-------------------------------|---------------------------|---------------------------|
| Operating Expenses (a) | ₱9,256,802 | ₱7,452,867 |
| Revenues (b) | ₱2,774,422 | ₱4,958,602 |
| Operating Expense Ratio (a/b) | 333.65% | 150.30% |

D. Net Tangible Asset Value Per Share - It measures the equivalent entitlement of each share of common stock outstanding in the tangible assets. The tangible value per share decreased by 0.58% compared to the previous year due to the decrease in retained earnings resulting from loss incurred during the first quarter of 2017.

Note: Net Tangible Assets include ₱594.7 million subscription proceeds for Preferred Stock. As this Preferred Stock is redeemable, the subscription proceeds have been excluded from Net Tangible Assets in the computation of Net Tangible Asset per Share.

| | <u>31 March 2017</u> | <u>31 December 2016</u> |
|--|----------------------|-------------------------|
| Net Tangible Assets | ₱1,599,512,916 | ₱1,606,246,898 |
| Less: Preferred Stock | (59,474,100) | (59,474,100) |
| APIC on Preferred Stock | <u>(535,266,900)</u> | <u>(535,266,900)</u> |
| Net Tangible Assets Attributable To Common Stock | ₱1,004,771,916 | ₱1,011,505,898 |
| Number of Common Stock, net of Treasury shares (2,801,000) | 293,828,900 | 293,828,900 |

Net Tangible Asset Value Per Share P3.42 P3.44

E. **Working Capital Ratio** - The Group's ability to meet current obligations is measured by computing the ratio of current assets over current liabilities. The Working Capital Ratio as at first quarter of 2017 and 2016 remained the same.

| | <u>31 March 2017</u> | <u>31 December 2016</u> |
|-----------------------------|----------------------|-------------------------|
| Current Assets (a) | P297,178,623 | P304,021,399 |
| Current Liabilities (b) | P131,287,223 | P130,939,028 |
| Working Capital Ratio (a/b) | 2.3 : 1 | 2.3 : 1 |

Results of Operations

Quarter Ended 31 March 2017 Compared To Same Period in 2016

The Parent Company holds investments in associates involved in property holding and development. It derives its revenue from rendering management consultancy services to associates.

REVENUE. The Parent Company generated total gross revenue of P2.8 million, a decrease of P2.2 million or 44% from P5.0 million in 2016. The 44% decrease was mainly due to lower equity in net earnings of associates and joint venture.

- o **EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURE** decreased by P2.6 million (83%) from P3.1 million in 2016 to P0.5 million in 2017. This account represents the Group's share in the net income/loss of its associated companies. Changes in share in net earnings from period to period are dependent upon the results of the operations of the associated companies. The decrease is due to (a) decrease in net income of SMK L by P1.2 million resulting from lower occupancy rate during the first quarter as compared to the same period last year due to the scheduled retrofitting of Phase 1 of Podium in 2017, and (b) decrease in net income of BHSI and associates by P1.4 million resulting from net loss incurred by BHSI in 2017 as compared to net income earned in 2016 because of lower sales resulting in overhead exceeding gross profit.
- o **INTEREST INCOME** increased by P0.5 million (143%) or up to P0.8 million in 2017 compared to P0.3 million in 2016 due to higher interest rates on money market placements as compared to 2016.

GENERAL AND ADMINISTRATIVE EXPENSES increased by P1.8 million (24%) from P7.5 million in 2016 to P9.3million in 2017 due to increase in staff costs.

PROVISION FOR INCOME TAX decreased by P0.2 million (43%) from P0.5 million in 2016 to P0.3 million in 2017 due to the decrease in accrued bonus in 2016 which resulted in a higher benefit for deferred income tax.

As a result, **First Quarter 2017** operations posted a net loss of P6.7 million, an increase of P3.7 million from P3.0 million net loss in the first quarter of 2016. Considering that the changes in the Parent Company's share in net earnings, from period to period, is dependent upon the results of the operations of its associated companies, the decrease in net income of its associates contributed to the net loss of the Parent Company. However, with the estimated completion of some phases of investments within late 2017 to early 2019, the Company anticipates a more profitable position from end of 2017 onwards.

FINANCIAL POSITION

Quarter Ended 31 March 2017 Compared to 31 December 2016

On 31 MARCH 2017, TOTAL ASSETS amounted to ₱1,730.9 million lower by ₱6.4 million as against ₱1,737.3 million as of 31 December 2016. The changes in account balances during the period are:

- CASH AND CASH EQUIVALENTS decreased by ₱5.9 million due to the net cash used in operating activities offset by collection of intercompany.
- INVESTMENTS IN ASSOCIATES AND JOINT VENTURE increased by ₱0.5 million due to the equity in net earnings of associates and joint venture during the first three months of 2017.
- PREPAYMENTS AND OTHER CURRENT ASSETS decreased by ₱0.9 million due to amortization of rent prepayments during the three months ended 2017.

b) Full Fiscal Years

KEY PERFORMANCE INDICATORS

| For The Years Ended | December 2016 | December 2015 | % Change |
|---------------------|---------------|---------------|----------|
| Return On Assets | (1.71%) | (0.79%) | 116% |
| Loss Per Share | ₱0.10 | ₱0.05 | 100% |

| | <u>2016</u> | <u>2015</u> | |
|------------------------------------|---------------|---------------|-----|
| Net Loss After Tax (a) | ₱30,174,609 | ₱14,061,329 | |
| Total Assets At Beginning (b) | 1,767,973,179 | 1,782,211,889 | |
| Return On Assets (a/b) | (1.71%) | (0.79%) | |
| Operating Expense Ratio | 317.47% | 195.33% | 63% |
| Net Tangible Asset Value Per Share | ₱3.44 | ₱3.55 | 3% |

| | <u>2016</u> | <u>2015</u> | |
|----------------------------|-------------|-------------|-------|
| Net Loss After Tax (a) | ₱30,174,609 | ₱14,061,329 | |
| Number of Common Stock (b) | 293,828,900 | 293,828,900 | |
| Loss Per Share (a/b) | ₱0.10 | ₱0.05 | |
| Working Capital Ratio | 2.3:1 | 2.6:1 | (12%) |

- a. Return On Assets – It indicates how effectively the assets of the Group are utilized in generating profit. Net loss after tax amounted to ₱30.2 million in 2016 which increased by ₱16.1 million from ₱14.1 million in 2015. The higher losses is due to a significant increase in general and administrative expenses combined with a drop in equity in net earnings of associates and a joint venture.
- b. Loss Per Share – It represents the equivalent apportionment of net loss to each share of common stock outstanding. This unfavorable performance is due to higher net loss incurred in 2016 as compared to 2015.

- c. Operating Expense Ratio – It measures operating expenses as a percentage of revenues. The operating expense ratio increased by 62% due to the 24% decrease in revenues coupled with a 24% increase in operating expenses.

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|-------------|-------------|
| Operating Expenses (a) | P44,996,312 | P36,322,415 |
| Revenues (b) | 14,173,488 | 18,595,456 |
| Operating Expense Ratio (a/b) | 317.47% | 195.33% |

- d. Net Tangible Asset Value Per Share – It measures the equivalent entitlement of each share of common stock outstanding in the tangible assets. The tangible value per share decrease by 0.3% compared to the previous year due to the decrease in retained earnings resulting from loss incurred during the current year.

Note: Net Tangible Assets include P594.7 million subscription proceeds for Preferred Stock. As these Preferred Stocks are redeemable, the subscription proceeds have been excluded from Net Tangible Assets in the computation of Net Tangible Asset Per Share.

| | <u>2016</u> | <u>2015</u> |
|--|----------------|----------------|
| Net Tangible Assets | P1,606,246,898 | P1,636,677,155 |
| Less : Preferred Stock | 594,741,000 | 594,741,000 |
| Net Tangible Assets Attributable To Common Stock | 1,011,505,898 | 1,041,936,155 |
| Number of Common Stock | 293,828,900 | 293,828,900 |
| Net Tangible Asset Value Per Share | P3.44 | P3.55 |

- e. Working Capital Ratio – The Group's ability to meet current obligations is measured by determining current assets over current obligations. The Working Capital ratio decreased by 12%.

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|--------------|--------------|
| Current Assets (a) | P304,021,399 | P342,026,296 |
| Current Liabilities (b) | 130,939,028 | 131,000,212 |
| Working Capital Ratio (a/b) | 2.3:1 | 2.6:1 |

| For The Years Ended | December 2015 | December 2014 | % Change |
|---------------------------|---------------|---------------|----------|
| Return On Assets | (0.79%) | 0.13% | (708%) |
| Earnings (Loss) Per Share | (P0.048) | P0.008 | (700%) |
| Operating Expense Ratio | 195.26% | 91.94% | 112% |

| | | | |
|------------------------------------|-------|-------|------|
| Net Tangible Asset Value Per Share | ₱3.55 | ₱3.59 | (1%) |
| Working Capital Ratio | 2.6:1 | 2.8:1 | (7%) |

- a. Return On Assets - The Group gauges its performance by determining the return on assets (net income after tax over total assets at beginning). It indicates how effectively the assets of the Group are utilized in generating profit. Net loss after taxation amounted to ₱14.1 million in 2015 which decreased by ₱16.4 million from net income of ₱2.3 million in 2014. The decrease is due primarily to a significant drop in equity in net earnings of associates and a joint venture.

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|-----------------|-----------------|
| Net Income (Loss) After Tax (a) | (₱ 14,061,329) | ₱ 2,298,288 |
| Total Assets At Beginning (b) | ₱ 1,782,211,889 | ₱ 1,755,282,708 |
| Return On Assets (a/b) | (0.79%) | 0.13% |

- b. Earnings Per Share – It shows the income earned from each share of common stock outstanding. The EPS in 2015 was lower by 698% compared to last year mainly due to the decrease in income after tax.

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|----------------|-------------|
| Net Income(Loss) After Tax (a) | (₱ 14,061,329) | ₱ 2,298,288 |
| Number of Common Stock (b) | 293,828,900 | 293,828,900 |
| Earnings(Loss) Per Share (a/b) | (₱ 0.048) | ₱ 0.008 |

- c. Operating Expense Ratio – It measures operating expenses as a percentage of revenues. The operating expense ratio increased by 112% due to the 33% decrease in revenues and 42% increase in operating expenses..

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|--------------|--------------|
| Operating Expenses (a) | ₱ 36,335,835 | ₱ 25,454,425 |
| Revenues (b) | ₱ 18,608,876 | ₱ 27,685,775 |
| Operating Expense Ratio (a/b) | 195.26% | 91.94% |

- d. Net Tangible Asset Value Per Share – It shows the tangible value of each share of common stock outstanding. The tangible value per share is the same in 2015 and 2014.

Note: Net Tangible Assets include ₱594.7 million subscription proceeds for Preferred Stock. As these Preferred Stocks are redeemable, the subscription proceeds have been excluded from Net Tangible Assets in the computation of Net Tangible Asset Per Share.

| | <u>2015</u> | <u>2014</u> |
|---------------------|----------------|----------------|
| Net Tangible Assets | ₱1,636,677,155 | ₱1,650,450,063 |

| | | |
|--|----------------------|----------------------|
| Less: Preferred Stock | (59,474,100) | (59,474,100) |
| APIC on Preferred Stock | <u>(535,266,900)</u> | <u>(535,266,900)</u> |
| Net Tangible Assets Attributable To Common Stock | ₱ 1,041,936,155 | ₱ 1,055,709,063 |
| Number of Common Stock, net of Treasury shares (2,801,000) | 293,828,900 | 293,828,900 |
| Net Tangible Asset Value Per Share | ₱3.55 | ₱3.59 |

- e. Working Capital Ratio – The Group's ability to meet obligations is measured by determining current assets over current obligations. The Working Capital ratio decreased by 7.0%.

| | | |
|-----------------------------|---------------|---------------|
| | <u>2015</u> | <u>2014</u> |
| Current Assets (a) | ₱ 342,026,296 | ₱ 369,039,611 |
| Current Liabilities (b) | ₱ 131,000,212 | ₱ 131,756,629 |
| Working Capital Ratio (a/b) | 2.6:1 | 2.8:1 |

| For The Years Ended | December 2014 | December 2013 | % Change |
|------------------------------------|---------------|---------------|----------|
| Return On Assets | 0.13% | 0.96% | -86% |
| Earnings Per Share | ₱0.008 | ₱0.057 | -86% |
| Operating Expense Ratio | 91.94% | 61.79% | 49% |
| Net Tangible Asset Value Per Share | ₱3.59 | ₱3.58 | 0.3% |
| Working Capital Ratio | 3:2 | 3:3 | -3.0% |

- a. Return On Assets – The Company gauges its performance by determining the return on assets (net income after tax over total assets at beginning). It indicates how effectively the assets of the Company are utilized in generating profit. Net income after taxation decreased to ₱2.3 million from ₱16.7 million due primarily to a significant drop in equity in net earnings of associates and a joint venture.

| | | |
|---------------------------------|-----------------|-----------------|
| | <u>2014</u> | <u>2013</u> |
| Net Income (Loss) After Tax (a) | ₱ 2,298,288 | ₱ 16,654,812 |
| Total Assets At Beginning (b) | ₱ 1,755,282,708 | ₱ 1,738,135,256 |
| Return On Assets (a/b) | 0.13% | 0.96% |

- b. Earnings Per Share – It shows the income earned from each share of common stock outstanding. The EPS in 2014 was lower by 86% compared to last year due mainly to the decrease in income after tax.

| | | |
|--------------------------------|-------------|--------------|
| | <u>2014</u> | <u>2013</u> |
| Net Income(Loss) After Tax (a) | ₱ 2,298,288 | ₱ 16,654,812 |

| | | |
|--------------------------------|-------------|-------------|
| Number of Common Stock (b) | 293,828,900 | 293,828,900 |
| Earnings(Loss) Per Share (a/b) | ₱ 0.008 | ₱ 0.057 |

c. Operating Expense Ratio – It measures operating expenses as a percentage of revenues. The operating expense ratio increased by 49% due to the 27% decrease in revenues.

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|--------------|--------------|
| Operating Expenses (a) | ₱ 25,454,425 | ₱ 23,358,840 |
| Revenues (b) | ₱ 27,685,775 | ₱ 37,805,386 |
| Operating Expense Ratio (a/b) | 91.94% | 61.79% |

d. Net Tangible Asset Value Per Share – It shows the tangible value of each share of common stock outstanding. The tangible value per share increased by 0.3% compared to the previous year due to increase in retained earnings.

Note: Net Tangible Assets include ₱594.7 million subscription proceeds for Preferred Stock. As these Preferred Stocks are redeemable, the subscription proceeds have been excluded from Net Tangible Assets in the computation of Net Tangible Asset Per Share.

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Net Tangible Assets | ₱1,650,450,063 | ₱1,648,170,924 |
| Less: Preferred Stock | (59,474,100) | (59,474,100) |
| APIC on Preferred Stock | <u>(535,266,900)</u> | <u>(535,266,900)</u> |
| Net Tangible Assets Attributable To Common Stock | ₱ 1,055,709,063 | ₱ 1,055,709,063 |
| Number of Common Stock, net of Treasury shares (2,801,000) | 293,828,900 | 293,828,900 |
| Net Tangible Asset Value Per Share | ₱3.59 | ₱3.58 |

e. Working Capital Ratio – The Company's ability to meet obligations is measured by determining current assets over current obligations. The Working Capital ratio decreased by 3.0%.

| | <u>2014</u> | <u>2013</u> |
|-----------------------------|---------------|---------------|
| Current Assets (a) | ₱ 345,039,611 | ₱ 355,937,322 |
| Current Liabilities (b) | ₱107,756,629 | ₱ 106,370,970 |
| Working Capital Ratio (a/b) | 3:2 | 3:3 |

RESULTS OF OPERATIONS

Year Ended 31 December 2016 Compared To Same Period In 2015

The Group generated total gross revenues of ₱14.2 million, a decrease of ₱4.4 million or 24% from ₱18.6 million in 2015. The 24% decrease was due to lower equity in net earnings of associates which was partially offset by a light increase in management consultancy, franchise fees, and interest income.

- Equity in net earnings of associates and a joint venture decreased by ₱5.8 million (46%) from ₱12.6 million in 2015 to ₱6.8 million in 2016. This account represents KPP's share in the net income/loss of its associated companies. Changes in share in net earnings from period to period are dependent upon the results of the operations of the associated companies. The decrease is due to net loss incurred by BHSI in 2016 as compared to net income earned in 2015. This was brought about by lower sales resulting in overheads exceeding gross profit. On the other hand, SMKL showed a gradual increase in net income resulting from higher occupancy rate in 2016 as compared to 2015.
- Management and franchise fees increased by ₱0.4 million, from ₱5.1 million in 2015 to ₱5.5 million in 2016, on account of higher revenue of SMKL on which these fees are based.
- Interest income increased by ₱0.9 million, from ₱1.0 million in 2015 to ₱1.9 million in 2016 due to higher interest rate on bank time deposits.

General and administrative expenses increased by ₱8.7 million (24%) from ₱36.3 in 2015 to ₱45.0 in 2016 due to increase in staff cost resulting from additional hires during the year.

Net loss for the year amounted to ₱30.2 million, an increase of ₱16.1 million from the ₱14.1 million loss in 2015. As mentioned above, due to lower equity in net earnings of associates, the Company's equity in net earnings decreased as well. It is noted however that there are some phases of the Company's investment that are estimated to be in completion within late 2017 to early 2019. With the completion of these phases, the Company anticipates a more profitable position from end of 2017 onwards.

Year Ended 31 December 2015 Compared To 2014

The Group generated total gross revenues of ₱18.6 million, a decrease of ₱9.1 million or 33% from ₱27.7 million in 2014. This is due to the combined effects of the following:

- Equity in net earnings of associates and a joint venture decreased by ₱7.7 million (38%) from ₱20.3 million in 2014 to ₱12.6 million in 2015. This account represents KPP's share in the net income/loss of its associated companies. Changes in share in net earnings from period to period are dependent upon the results of the operations of the associated companies. The decrease is due to the combined effects of BHSI loss on disposal of its land coupled with SMKL's lower net income caused by Podium's decline in occupancy and rental rate. Podium's mall operation was affected by the on-going major renovation in its retail spaces.
- Management and franchise fees went down by ₱1.6 million, from ₱6.7 million in 2014 to ₱5.1 million in 2015 due to the decrease in Podium's rental income on which these fees from SMKL are based.
- Interest income increased by ₱0.4 million, from ₱0.6 million in 2014 to ₱1.0 million in 2015 due to higher level of cash and cash equivalents.

General and administrative expenses increased by ₱10.8 million (42%) from ₱25.5 in 2014 to ₱36.3 million in 2015, due to increase in salaries and professional fees.

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Year Ended 31 December 2014 Compared To Same Period In 2013

The Company generated total gross revenues of ₱27.7 million, a decrease of ₱10.1 million or 27% from ₱37.8 million total gross revenues for year 2013. This is due to the combined effects of the following:

- Equity in net earnings of associates decreased by ₱5.9 million (23%) from ₱26.2 million in 2013 to ₱20.3 million in 2014. The decrease is due to Podium's lower occupancy and rental rate caused by the on-going major renovation in its retail spaces. Podium implemented a temporary mall-wide rental discount ranging from 30% to 40% to compensate the tenants for the inconvenience of the on-going construction works.
- Management and franchise fees went down by ₱2.5 million, from ₱9.2 million in 2013 to ₱6.7 million in 2014, due to the decrease in Podium's rental income on which the management and franchise fees from SMKL is based.
- Interest income dropped by ₱1.8 million to ₱0.6 million from ₱2.4 million in 2013 due to the decline in bank deposits interest rate during the year.

General and administrative expenses increased by ₱2.1 million, due to increases in salaries and professional fees.

Net income for the year amounted to ₱2.3 million, a decrease of ₱14.3 million from ₱16.6 million in 2013.

Financial Position

Year Ended 31 December 2016 Compared To 2015

Total assets decreased by ₱30.7 million to ₱1,737.3 million in 2016 as compared with the prior year's figure of ₱1,768.0 million.

The significant causes of material changes in financial position from period to period are as follows:

- i. Cash and cash equivalents declined by ₱3.0 million due to net cash used in operating activities, partly offset by collection of intercompany advances.
- ii. Receivables decreased by ₱2.5 million resulting from collection.
- iii. Due from related parties decreased by ₱35.0 million due to collection from associates.
- iv. Other current assets increased by ₱2.6 million on account from prepaid rent.
- v. Investments in associates and a joint venture increased by ₱6.6 million due to the equity in net earnings of associates in 2016.

Year Ended 31 December 2015 Compared To 31 December 2014

Total assets decreased by ₱14.2 million to ₱1,768 million in 2015 as compared with last year's figure of ₱1,782.2 million.

The significant causes of material changes in financial position from period to period are as follows:

- i. Cash and cash equivalents increased by ₱55.4 million from ₱151.5 million in 2014 to ₱206.9 million in 2015. The increase is due to collection of reimbursable charges and receipt of payment for loan advances from associates amounting to ₱71.5 million which was partly offset by cash used in operations.

ii. Receivables increased by ₱1.5 million from ₱5.2 million in 2014 to ₱6.7 million in 2015. The increase results from additional advances to employees.

iii. Due from related parties decreased by ₱84.2 million from ₱192.9 million in 2014 to ₱108.7 million in 2015. The decrease is primarily due to collection of reimbursable charges and receipt of payment for loan advances from associates.

iv. Investments in associates and joint venture increased by ₱12.7 million to ₱1,345.6 million from ₱1,332.9 million last year due to the increase in equity in net earnings of associates which amounted to ₱12.7 million.

Year Ended 31 December 2014 Compared To December 31, 2013

Total assets increase by ₱27 million to ₱1,782 million in 2014 as compared with last year's figure of ₱1,755 million.

The significant causes of material changes in financial position from period to period are as follows:

i. Investments in associates increase by ₱15.5 million to ₱1,332.9 million from ₱1,317.5 million last year due to the increase in equity in net earnings of associates which amounted to ₱20.3 million, net of ₱4.8 million dividend received during the current year.

ii. Due from related parties increase by ₱10.8 million primarily due to additional reimbursable charges extended to associates.

iii. Other current assets increase by ₱1.7 due to creditable withholding tax and prepayments.

Competition

As a property developer, KPP considers the following property developers as the industry's key players in terms of end products:

| | Comprehensive Income YTD 3Q2016 In Php Billions |
|-----------------------------|---|
| SM Prime Holdings, Inc. | 17.9 |
| Ayala Land Inc. | 17.4 |
| Robinson's Land Corporation | 4.9 |

Source: Published corporate disclosures.

Competitive pressures are expected to remain as new players have embarked on aggressive developments.

In the residential sector, BHSI faces stiff competition from other developers who have set their targets on the middle income, a market segment that has also been the focus of BHSI. With its track record as a developer of quality housing projects, BHSI will remain competitive in this sector.

In the retail sector, the market is expected to remain competitive as more developers venture into, or expand in this sector. The Podium has established its presence since its launch in August 2002. With its unique design and spacious ambiance, The Podium has become the preferred meeting place for young professionals and also the venue of choice for gala events.

Major Risk Factors

The Parent Company's business activities are conducted in the Philippines and its revenues and operating profits are derive from its investments and the activities of its associates, SMKL and BHSI, in the Philippines which exposes the Parent Company to changes in the Philippine economy.

The Group is also exposed to financial, operating and administrative risks which are normal in the course of business.

To manage these risks management is highly committed in ensuring that business processes are clearly defined, in compliance with the Parent's Company's policies and procedures, and are performed effectively and efficiently in satisfying stakeholders' needs.

Moreover, BHSI and SMKL obtain updates on markets/prices and current economic and political developments. An assessment is then made of the financial viability of proposed projects in the light of current economic, political and industry indicators.

Known Trends, Events or Uncertainties

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

Events that will trigger direct or contingent financial obligations

There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Parent Company.

Material off-balance sheet transactions, arrangement or obligation

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

Significant Elements of Income or Loss

There is no significant element of income that arose from continuing operations.

- ❖ **REGISTRANT'S DIRECTORS AND EXECUTIVE OFFICERS INCLUDING THEIR PRINCIPAL OCCUPATION OR EMPLOYMENT, NAME AND PRINCIPAL BUSINESS OF ANY ORGANIZATION BY WHICH SUCH PERSONS ARE EMPLOYED:**

| Name of Directors and Officers | Position | Principal Occupation/Name and Principal Business of Organization |
|---|---|--|
| Ng Ooi Hooi** | Director/Chairman | President, Regional Investments Keppel Land Group |
| Sam Moon Thong | Director /Chairman | President, Regional Investments, Keppel Land Group |
| NOTE: Elected on 27 April 2017 to replace Mr. Ng Ooi Hooi | | |
| Ramon J. Abejuela | Independent Director | Director, Philippine Nutri-Foods Corp., NCP Publishing Corp. and St. James COPA Foundation |
| Celso P. Vivas | Independent Director | Vice Chairman and CEO, Corporate Governance Institute of the Philippines |
| Stefan Tong Wai Mun | Director | Director & President, Keppel Philippines Holdings, Inc. |
| Lim Kei Hin | Director | Chief Financial Officer, Keppel Land Group, Real Estate Company |
| Lee Foo Tuck* | Director/President | |
| Oh Lock Soon | Director/President | |
| Tan Siew Ngok | Director | General Manager (Finance & Administration), Keppel Land International Limited, Real Estate Company |
| Almira A. Afionuevo | Treasurer/Manager, Finance & Administration | |

| | | |
|----------------------|-----------------------|---|
| Ma. Melva E. Valdez | Corporate Secretary | Senior Partner & Chairman, Jimenez Gonzales Bello Valdez Caluya & Fernandez Law Offices |
| Myla Gloria A. Amboy | Asst. Corp. Secretary | Senior Associate, Jimenez Gonzales Bello Valdez Caluya & Fernandez Law Offices |

* resigned in 31 March 2017 and replaced by Oh Lock Soon
 ** resigned on 27 April 2017 and replaced by Sam Moon Thong

➤ Please see Part I, pages 6 to 10 for the directors' and officers' profiles.

❖ **MARKET PRICE**

The common equity of the Parent Company is traded in the Philippine Stock Exchange. The Parent Company has no restriction for any cash dividends declared that limit the ability to pay on common equity or that are likely to do so in the future. However, no cash dividends were declared from 2003 to 2016.

| STOCK PRICES | 2017 | | 2016 | | 2015 | |
|----------------|-------|-------|-------|-------|--------|--------|
| | High | Low | High | High | High | Low |
| First Quarter | ₱4.21 | ₱4.02 | ₱6.75 | ₱3.50 | ₱ 3.00 | ₱ 2.80 |
| Second Quarter | N/A | N/A | 6.70 | 4.01 | 4.23 | 2.82 |
| Third Quarter | N/A | N/A | 5.49 | 4.22 | 6.00 | 4.23 |
| Fourth Quarter | N/A | N/A | 5.60 | 4.01 | 4.82 | 4.48 |

The Parent Company has no plans of acquisition, business combination, or other reorganization that will take effect in the near future that involves issuances of securities.

There were no recent sales of unregistered or exempt securities.

The Parent Company's common shares were last traded on 30 March 2017 (the latest practicable trading date) at ₱4.05 per share.

Holders

As of 31 March 2017, the number of shareholders on record was 1,251 and common shares outstanding were 293,828,900. Following is the table of the Parent Company's top 20 stockholders as of 31 March 2017:

| | Name | No. of Shares Held | % to Total |
|-----|--|--------------------|------------|
| 1. | Keppel Land Limited | 148,365,050 | 50.49% |
| 2. | Kepwealth, Inc. | 51,033,178 | 17.37% |
| 3. | Keppel Corp. Ltd. | 35,783,742 | 12.18% |
| 4. | PCD Nominee Corporation (Filipino) | 30,783,293 | 10.48% |
| 5. | PCD Nominee Corporation (Foreign) | 4,442,346 | 1.51% |
| 6. | International Container Terminal Services Inc. | 4,265,171 | 1.45% |
| 7. | George S. Dee Jr. | 3,442,891 | 1.17% |
| 8. | PNOC Shipping And Transport Corporation | 2,227,511 | 0.76% |
| 9. | Visayan Surety & Insurance Corporation | 1,671,664 | 0.57% |
| 10. | Lee Foo Tuck | 1,455,707 | 0.50% |
| 11. | Sulpicio Lines, Inc. | 694,719 | 0.24% |
| 12. | Augusto Go | 410,423 | 0.14% |
| 13. | Negros Navigation Company, Inc. | 357,777 | 0.12% |
| 14. | Eduardo Go Hayco | 269,277 | 0.09% |
| 15. | Ho Tong Hardware, Inc. | 248,018 | 0.08% |

| | | | |
|-----|-------------------------------|---------|-------|
| 16. | Adrienne Gotian Chu | 236,795 | 0.08% |
| 17. | Mary Margaret G Dee | 236,788 | 0.08% |
| 18. | Tessa L. Navera | 225,005 | 0.08% |
| 19. | Janette Nellie Go Chiu | 200,055 | 0.07% |
| 20. | Diosdado Rafanan &/or Antonio | 181,453 | 0.06% |

Dividends

CASH DIVIDENDS PER SHARE – The Company declared no dividends in 2016, 2015, and 2014.

Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with the law and applicable rules and regulations. The portion of retained earnings corresponding to the undistributed equity in net earnings of the subsidiaries and associates amounted to ₱545.6 million, ₱538.8 million and ₱531.0 million as of 31 December 2016, 2015 and 2014, respectively. These amounts are not available for distribution as dividends until declared by the subsidiaries and associates. Retained earnings are further restricted by ₱ 2.7 million representing the cost of shares held in treasury as of 31 December 2016, 2015 and 2014.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of 31 December 2016, 2015 and 2014 amounted to ₱156.2 million, ₱137.8 million and ₱159.8 million, respectively.

❖ CORPORATE GOVERNANCE

The Parent Company complies with the principles and practices of good corporate governance by adherence to its Amended Manual on Corporate Governance ("the Amended Manual").

The Parent Company has a Compliance Officer who diligently performs the duties and responsibilities under the Amended Manual, by reporting to Directors and Officers the pertinent requirements on corporate governance from time to time, and monitoring the compliance of such requirements. The Amended Manual is updated by incorporating new and improved governance and management practices, obtained through attendance at corporate governance seminars conducted by institutions accredited by SEC. The appointment/designation of the Compliance Officer has been immediately disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The Board of Directors ("The Board") has continued to observe the Parent Company's corporate missions and visions to ensure the long-term success of the Corporation and its continued competitiveness in the industry.

The Compliance Officer ensures that the Board of Directors, its officers and employees comply with all the leading practices and principles on good corporate governance as embodied in the Parent Company's Amended Manual. The Parent Company also complies with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance in accordance with the Amended Manual.

The Parent Company has created committees required under the Amended Manual, namely, Audit Committee, Nominations/Screening Committee, and Compensation/Remuneration Committee. The creation of said committees and the corresponding members thereof have been immediately disclosed to the SEC and the PSE. Each committee aforementioned performed their functions and responsibilities set forth in the Amended Manual.

The Audit Committee meets regularly to review all financial reports to comply with relevant accounting and regulatory standards, and performs oversight of financial management functions. As required by the Rules, two (2) independent directors are members of the Audit Committee, with one (1) independent director serving as head of said Committee.

The Nomination/Screening Committee complied with the provisions of the Corporation's Amended Manual of Corporate Governance on the pre-screening of all candidates nominated to become a member of the Board of Directors. The qualifications of director mentioned in the Amended Manual have also been strictly followed.

All of the directors of the Parent Company have attended and actively participated in Corporate Governance Seminars.

The Parent Company has submitted its Y2016 PSE Governance Disclosure Report on 28 March 2017.

Upon the written request of the stockholder, the Parent Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

**Keppel Philippines Properties, Inc.
Units 2203-2204 Raffles Corporate Center
F. Ortigas Jr. Road, Ortigas Center
Pasig City**

Attention: The Corporate Secretary

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **CELSO P. VIVAS**, Filipino, of legal age and a resident of No. 125 Wilson Circle, San Juan, Greenhills, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Properties Inc. and have been its independent directors since 2008.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|----------------------------------|---|-------------------|
| Keppel Philippines Holdings Inc. | Independent Director & Chairman of the Audit Committee | Since 2005 (est.) |
| Keppel Philippines Marine Inc. | Independent Director & Chairman of the Audit Committee | Since 2005 (est.) |
| Republic Glass Holdings, Inc. | Independent Director & Chairman of Nomination Committee | Since 2017 |
| Marubeni Foundation | Member, Board of Trustees | Since 1990 |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Properties Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

| NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|--|---------|------------------------|
| Not Applicable | | |
| | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be): - NOT APPLICABLE

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON J. ABEJUELA**, Filipino, of legal age and a resident of 116 Ma. Cristina Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

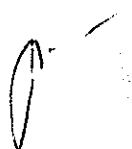
1. I am a nominee for independent director of Keppel Philippines Properties Inc. and have been its independent directors since 2009.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|------------------------------------|------------------------|-------------------|
| Philippine Nutri-Foods Corporation | Director/Vice-Chairman | Present position |
| NCP Publishing Corporation | Director/Vice Chairman | Present position |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Properties Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

| NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|--|---------|------------------------|
| Not Applicable | | |
| | | |
| | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be): -
NOT APPLICABLE



REPUBLIC OF THE PHILIPPINES)
PASIG CITY)S.S.

CERTIFICATION

I, MA. MELVA E. VALDEZ, being the Corporate Secretary of Keppel Philippines Properties, Inc. (KPPI), do hereby certify that none of the current directors of KPPI works in the government of the Republic of the Philippines.

This certification is issued in compliance with the requirement of the Securities and Exchange Commission- Market Securities Regulation Department.

10 May 2017, PASIG CITY Philippines.


MA. MELVA E. VALDEZ
Corporate Secretary

SUBSCRIBED AND SWORN TO before me a Notary Public, for and in the City of PASIG CITY, Philippines, personally appeared Ma. Melva E. Valdez and exhibited to me her Tax Identification Number 123-493-209.

NOTARY PUBLIC

Doc. No. 445
Page No. 90
Book No. 11
Series of 2017.

~~ATTY. JAMES ANTHONY D. BETITO~~
Notary Public - Pasig City
Commission No. 86 (2016-2017)
709 MegaPlaza Condo. ADB Ave. Pasig City
Attorney's Roll No. 27614
IBP # 1051705 - 01/04/17/Rizal
PTR#2514314/01.04.17/Pasig City
MCI E Compliance No. V - 0017140 Mar 21 2016