COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	3	0	5					

Company Name

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

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

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
keppel.prop@kepland.com.ph	(632) 8584-6170	0917-8500380

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,218	06/08	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jona Arrol V. Cabrera	jona.cabrera@kepland.com.ph	(632) 8584-6170	0945-7532713

Contact Person's Address

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City, 1555

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number **PW305**

3. BIR Tax Identification No. **000-067-618-000**

4. **KEPPEL PHILIPPINES PROPERTIES, INC.**
   Exact name of registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City, 1555**
   Address of registrant's principal office Postal Code

8. **(632) 8584-6170**
   Registrant's telephone number, including area code

9. **Not applicable**
   Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**293,828,900 (Exclusive of Treasury Shares)**
Debt Outstanding	**Nil**

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [/] No [ ]

Name of stock exchange: **Philippine Stock Exchange**
Class of securities listed: **Common stock**

12. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

₱153,607,220

DOCUMENTS INCORPORATED BY REFERENCE

14. Consolidated Audited Financial Statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 (incorporated as reference to item 9 of SEC Form 17-A)

KEPPEL PHILIPPINES PROPERTIES, INC.

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PART I- BUSINESS AND GENERAL INFORMATION

1. BUSINESS

The Company

Keppel Philippines Properties, Inc. ("Parent Company" or "KPPI"), is a stock corporation organized under the laws of the Philippines. The Parent Company was first incorporated on 7 February 1918 under the name Hoa Hin Co., Inc. and was renamed to Cebu Shipyard and Engineering Works, Inc. in 1957 and subsequently to Keppel Philippines Properties, Inc. in 1998.

The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on 7 February 1918. Its corporate life was extended for another fifty (50) years starting 7 February 1968. On 5 May 2017, the Philippine SEC approved the amendment of KPPI's Articles of Incorporation to further extend its corporate life for another 50 years starting 6 February 2018.

KPPI is also listed in the Philippine Stock Exchange (PSE). Its immediate parent company is Keppel Land Limited (KLL) and the ultimate parent company is Keppel Corporation Limited (KCL), both incorporated in Singapore. KCL is listed on the Singapore Exchange Securities Trading Limited.

Subsidiaries

CSRI Investment Corporation ("CSRI") was incorporated in the Philippines on 25 October 1990. CSRI, a wholly owned subsidiary of KPPI, is a holding company with investments in marketable equity securities and other investments.

Buena Homes, Inc. ("BHI") was incorporated in the Philippines on 25 May 2000. BHI, a wholly owned subsidiary of KPPI, was previously engaged in property holding and development.

Associates

Opon Realty and Development Corporation ("ORDC"), 40% owned by KPPI, was incorporated in the Philippines on 31 March 1989 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds.

Opon Ventures, Inc., 40% owned by KPPI, was incorporated in the Philippines on 14 September 1993 with the same purpose as ORDC.

Opon-KE Properties, Inc. ("OKEP"), 40% owned by KPPI, was incorporated in the Philippines on 19 January 1994 primarily to hold investments in associates.

Joint Venture

SM Keppel Land, Inc. ("SMKL"), 40% owned by KPPI, was incorporated in the Philippines on 11 January 1994 to develop, operate and manage the investment property, The Podium Complex thereafter.

The Parent Company, together with its subsidiaries, associates and a joint venture, are collectively referred to as the "Group".

Business

KPPI, through its associates, is engaged in real estate development and leasing of office and commercial buildings, and renders property management consultancy services to these associates.

Commercial

The Podium Complex is a mixed-use development and lifestyle destination, comprising of retail and office spaces, which is located in the central business district of Ortigas.

The Podium

The Podium is the retail component in the mixed-use development of SMKL. It is a retail mall with total net leasable area of 49,721 sqm that offers a first-class shopping experience with a mix of specialty stores featuring well known international and local labels and wide selection of gourmet dining, prestige wellness, services outlets and cinemas.

The Podium West Tower

The Podium West Tower is the office component in the mixed-use development of SMKL. It is a 40-storey premium grade office tower, above The Podium expansion, with total net leasable area of 89,335 sqm.

The office tower and retail mall have been pre-certified Green Mark Gold by the Building and Construction Authority of Singapore and have achieved Leadership in Energy and Environmental Design (LEED) Gold Certification from the United States Green Building Council in August 2022 for its green and energy-efficient features.

Competition

As a property developer through its associates, KPPI considers the following as the industry's key players in terms of commercial developments:

	3Q2022 Income to date *In Php Billions*
SM Prime Holdings, Inc.	21.91
Ayala Land Inc.	15.66
Robinson's Land Corporation	8.50

Source: Published corporate disclosures.

Competitive pressures are expected to remain as existing players strive to recover from the impact of the COVID-19 pandemic and take advantage of intermittent market recoveries.

In the retail sector, the market is expected to be resilient with continued consumer spending. Retail developers continue to expand their retail portfolios to meet the growing consumer demand. The Podium continues to strengthen its presence in the market by offering a unique retail, dining and lifestyle offerings from its diverse and exciting range of local and internal brands. With its intricate architectural design and spacious ambiance, The Podium remains to be the preferred meeting place for professionals.

In the office sector, the market is also expected to be robust with the increasing demand from traditional and outsourcing tenants and continued supply of office spaces within the business district. The Podium West Tower remains strategically competitive with its location being in the center of Ortigas business district, green and energy-efficient features, and attractive rent rates.

Related Party Transactions

In the normal course of business, KPPI's significant transactions with related parties and associates consist of the following:

a. KPPI has a Consultancy Services Agreement with Straits Mansfield Property Marketing Pte. Ltd. (SMPM), a subsidiary of KLL, whereby SMPM contractually provides consultancy, advisory and support services to KPPI in return for a fee charged based on actual time spent.

b. KPPI provides management, advisory and consultancy services to SMKL based on agreed rates.

c. KPPI extends and obtains operating advances to and from certain associates.

d. On November 3, 2022, BHI entered into an agreement with the KPPI for the latter to redeem the remaining redeemable preferred shares amounting to P10,600,000, which consists of 10,600,000 preference shares with par value of P1 per share. The redemption price of P106,000,000 or P10 per share was partly settled through the application of outstanding receivable of BHI from the Parent Company amounting to P59,701,493 while the remaining P46,298,507 was received in cash by the Parent Company from BHI upon the execution of the agreement in 2022.

Government Approvals/Regulations

The Philippines' real estate industry is regulated by numerous government policies and guidelines, commencing from land acquisition and title issuance, development planning, design and construction permits up to mortgage financing/refinancing to pre-selling.

KPPI, through its associates, has accordingly complied with all applicable laws and regulations as mandated by the government.

Employees

KPPI has a total of 12 employees as at December 31, 2022 with breakdown as follows:

	No. of Employees
Senior Management	2
Administration	2
Finance and Accounting	3
Human Resources	2
Information Technology	2
Internal Audit	1
Total	**12**

No significant hiring or recruitment is expected for year 2023.

Risks

KPPI's business activities are conducted in the Philippines and its revenues and operating profits are derived from its investments and the activities of its associates which expose KPPI to changes in the Philippines economy. The Group is also exposed to financial, operating and administrative risks in the ordinary course of business.

To manage these risks, Management is highly committed in ensuring that the Group's business processes are clearly defined, in compliance with KPPI's policies and procedures, and performed effectively and efficiently to satisfy stakeholders' needs.

The Group also considers significant market trends and analysis in light of the current economic and political developments when assessing significant transactions and financial viability of prospect projects.

2. PROPERTIES

KPPI associate's investments in real estate properties as at 31 December 2022 are as follow:

Type of Property	Location	Description	Remarks
Land & Buildings	ADB Avenue, Ortigas Center, Mandaluyong City	20,000 sqm site on which stands SMKL's mixed-use development	Forty percent (40%) is owned by KPPI through its associated company, SMKL. The Phase 2 land area of 12,932 sqm is mortgaged to BDO.

3. LEGAL PROCEEDINGS

The Parent Company, its subsidiaries, and associates are not involved in any material litigation.

4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Stockholders' Meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

KPPI's common shares are traded in the Philippine Stock Exchange.

STOCK PRICES	2023		2022		2021	
	Low	High	Low	High	Low	Low
First Quarter	₱3.00	₱3.00	₱2.90	₱3.00	₱2.96	₱3.60
Second Quarter	-	-	2.85	2.90	-	2.39
Third Quarter	-	-	3.89	3.90	-	3.13
Fourth Quarter	-	-	3.97	3.99	-	3.38

KPPI's common shares were last traded on 29 December 2022 at ₱3.97 per share.

There are no cash dividends declared from 2003 to date as KPPI's retained earnings are restricted for the portion of undistributed share in results of associates and cost of treasury shares.

There are no recent sales of unregistered or exempt securities nor any plans for acquisitions, business combinations, or other reorganization planned in the near future which involves issuance of securities.

There were 1,218 shareholders on record and 293,828,900 common shares outstanding, with KPPI's top 20 stockholders as at 31 December 2022 as follow:

	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 Corporation, Limited	35,783,742	12.18
4.	Molten Pte Ltd.	19,951,723	6.79
5.	PCD Nominee Corporation - Filipino	16,159,726	5.50
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.	PCD Nominee Corporation – Foreign	1,328,626	0.45
11.	Sulpicio Lines, Inc.	694,719	0.24
12.	Augusto Go	410,423	0.14
13.	Eduardo Go Hayco	269,277	0.09
14.	Ho Tong Hardware, Inc.	248,018	0.08
15.	Adrienne Gotian Chu	236,795	0.08
16.	Mary Margaret G. Dee	236,788	0.08
17.	Tessa L. Navera	225,005	0.08
18.	Janette Nellie Go Chiu	200,055	0.07
19.	East Visayan Milling Corporation	181,453	0.06
20.	Rafanan/Antonio Diosdado	181,453	0.06

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

A. Results of Operations

The Group holds investments in associates and joint venture involved in property development and holding of investment properties. It derives its income from rendering management consultancy services to associates.

Year Ended 31 December 2022 Compared To 2021

TOTAL GROSS INCOME is higher by ₱14.6 million from ₱582.6 million in 2021 to ₱597.2 million in 2022. This change is attributable to the following:

- Increase in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱14.1 million from ₱26.7 million in 2021 to ₱40.8 million in 2022 mainly attributable to the increase in fees from SMKL. Fees are charged based on SMKL's net rental revenue which has increased in 2022.

- Increase in **INTEREST INCOME** by ₱0.4 million from ₱0.3 million in 2021 to ₱0.7 million in 2022 due to the increase in interest rates on time deposits.

GENERAL AND ADMINISTRATIVE EXPENSES decreased by ₱4.4 million from ₱59.1 million in 2021 to ₱54.7 million in 2022 mainly due to lower salaries, wages and benefits from lower executive salaries, lower depreciation expense due to fully depreciated assets in April 2022, and lower management consultancy fees. The said decreases were partially offset by the higher Information Technology related charges made by the Company's affiliate, Keppel Land Regional Investments, Inc., and higher transportation and travel charges from increase in number of business trips in year 2022.

OTHER INCOME, NET decreased by ₱2.5 million from ₱4.6 million in 2021 to ₱2.1 million in 2022 due to the realized foreign exchange losses on the Company's Singapore Dollar denominated balances and transactions in year 2022 with the depreciation in value of the Philippine Peso against the Singaporean Dollar.

As a result, the Group reported a net income of ₱542.2 million in 2022 from ₱525.7 million in 2021.

Year Ended 31 December 2021 Compared To 2020

TOTAL GROSS INCOME (LOSS), NET registered a significant increase amounting to ₱615.8 million from a gross loss of ₱33.2 million in 2020 to a ₱582.6 million income in 2021. This change is attributable to the following:

- Changes in **SHARE IN RESULTS OF ASSOCIATES** from year to year are dependent upon the results of the operations of the associates. The share in net income for year 2021 is higher by ₱605.6 million from a share in net loss of ₱50.0 million to ₱555.6 million in 2021 due to higher rental revenue from increased occupancy rate in SMKL's property and fair value gain on its investment property, The Podium Complex.

- Increase in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱11.2 million from ₱15.5 million in 2020 to ₱26.7 million in 2021 mainly attributable to the increase in fees from SMKL. Fees are charged based on SMKL's net rental revenue which has increased in 2021.

- Decrease in **INTEREST INCOME** by ₱1.1 million from ₱1.4 million in 2020 to ₱0.3 million in 2021 due to the lower amount of placements and lower interest rates on time deposits.

GENERAL AND ADMINISTRATIVE EXPENSES decreased by ₱1.7 million from ₱60.8 million in 2020 to ₱59.1 million in 2021 mainly due to lower executives headcount resulting in a decrease in cost incurred for salaries and employee benefits.

OTHER INCOME, NET decreased by ₱4.9 million from ₱9.5 million in 2020 to ₱4.6 million in 2021 due to lower reversals of accruals in year 2021 as compared to year 2020.

As a result, the Group reported a net income of ₱525.7 million in 2021 from a net loss of ₱87.6 million in 2020.

Year Ended 31 December 2020 Compared To 2019

TOTAL GROSS INCOME (LOSS), NET registered a reversal of ₱64.1 million from ₱30.9 million income in 2019 to ₱33.2 million loss in 2020. This is mainly attributable to the following:

- Changes in **SHARE IN RESULTS OF ASSOCIATES** from year to year are dependent upon the results of the operations of the associates. There is a reversal of ₱59.9 million from ₱9.9 million share in net income in 2019 to ₱50.0 million share in net loss in 2020 mainly due to the decline in SMKL's rental revenue during the Community Quarantine in Metro Manila.

- Decrease in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱1.0 million from ₱16.5 million in 2019 to ₱15.5 million in 2020 mainly attributable to the decrease in fees from SMKL. Fees are charged based on SMKL's net rental revenue which has decreased in 2020.

- Decrease in **INTEREST INCOME** by ₱3.1 million from ₱4.5 million in 2019 to ₱1.4 million in 2020 due to the lower amount of placements and lower interest rates on time deposits.

GENERAL AND ADMINISTRATIVE EXPENSES decreased by ₱16.8 million from ₱77.6 million in 2019 to ₱60.8 million in 2020 mainly due to the lower management consultancy fees incurred in relation to the overseeing of SMKL's mixed-use development project which was completed in 2019. The decrease is also partly attributable to lower salaries and employee benefits due to the decrease in employee headcount.

OTHER INCOME, NET increased by ₱9.3 million from ₱0.2 million in 2019 to ₱9.5 million in 2020 mainly due to higher reversals of long outstanding accruals in 2020. Furthermore, there is a one-time loss incurred as a result of the sale of an associated company in 2019.

As a result, net loss increased by ₱39.4 million from ₱48.1 million in 2019 to ₱87.5 million in 2020.

KEY PERFORMANCE INDICATORS

	2022	**2021**	**2020**	**2019**
Return on assets [1]	16.70%	19.28%	(3.45%)	(1.85%)
Earnings (loss) per share [2]	₱1.85	₱1.79	(₱0.30)	(₱0.16)
Net tangible asset value per share [3]	₱9.79	₱7.94	₱6.15	₱6.45
Working capital ratio [4]	2.73:1	2.87:1	2.36:1	2.33:1
Debt-to-equity ratio [5]	0.01:1	0.02:1	0.03:1	0.04:1

[1] *Net income (loss) divided by Average total assets*
[2] *Net income (loss) divided by No. of common stock outstanding*
[3] *Total assets less liabilities, preferred shares and related share premium divided by No. of common stock outstanding*
[4] *Total current assets divided by current liabilities*
[5] *Total liabilities divided by total equity*

B. Financial Condition

Year Ended 31 December 2022 Compared To 2021

TOTAL ASSETS increased by ₱543.0 million from ₱2,974.5 million in 2021 to ₱3,517.5 million in 2022. The significant changes in account balances during the period are as follows:

- **CASH AND CASH EQUIVALENTS** decreased by ₱44.3 million due to the net cash used in operating and financing activities mainly for the settlement of prior year outstanding liability to the Company's affiliate, Straits Mansfield Property Marketing Pte. Ltd. and payment for general and administrative expenses and rentals.

- **DUE FROM RELATED PARTIES** decreased by ₱0.9 million due to collection in 2022 of prior year outstanding receivables from the Parent Company's joint venture, SMKL.

- **PREPAYMENTS AND OTHER CURRENT ASSETS** increased by ₱23.1 million mainly due to withholding tax credit from BIR in relation to the Parent Company's redemption of preferred shares in year 2010.

- **INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE** increased by ₱556.0 million due to the share in net income of associates in 2022.

- **RIGHT-OF-USE ASSET, NET AND REFUNDABLE DEPOSITS** increased is in relation to the new 3-year lease contract on the office space of the Parent Company.

- **PROPERTY AND EQUIPMENT, NET** decreased by ₱1.7 million mainly due to depreciation recognized during the year, partially offset by acquisition of office equipment amounting to ₱0.1 million.

- **DEFERRED INCOME TAX ASSETS** increased by ₱0.3 million due to reduced deferred tax liabilities related to retirement benefit asset and right-of-use asset and lease liability.

- **RETIREMENT BENEFIT** decreased by ₱0.3 million due to remeasurement losses on plan assets with the increase in discount rate.

TOTAL LIABILITIES increased by ₱0.5 million from ₱46.1 million in 2021 to ₱46.6 million in 2022 due to the following:

- **ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITES** decreased by ₱10.5 million due to payment of deferred final withholding tax liabilities arising from the Parent Company's management consultancy fees.

- **LEASE LIABILITY** increased by ₱11.5 million due to the new 3-year lease contract on the office space of the Parent Company.

TOTAL EQUITY increased by ₱542.5 million from ₱2,928.4 million in 2021 to ₱3,470.9 million in 2022 due to the net income during the year.

<u>Year Ended 31 December 2021 Compared To 2020</u>

TOTAL ASSETS increased by ₱495.5 million from ₱2,479.0 million in 2020 to ₱2,974.5 million in 2021. The significant changes in account balances during the period are as follows:

- **CASH AND CASH EQUIVALENTS** decreased by ₱17.3 million due to the net cash used in operating and financing activities mainly for general and administrative expenses and rental payments.

- **RECEIVABLES** increased by ₱8.1 million due to higher accrual of management consultancy and franchise fees resulting from the higher gross rental revenue reported by the Company's associated company in 2021 as compared to 2020.

- **DUE FROM RELATED PARTIES** decreased by ₱43.2 million mainly due to the offsetting of ₱40.3 million payable to related parties in 2021.

- **INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE** increased by ₱556.1 million due to the share in net income of associates in 2021.

- **PROPERTY AND EQUIPMENT, NET** decreased by ₱4.6 million due to the depreciation recognized during the year.

- **RIGHT-OF-USE ASSET, NET** decreased by ₱4.9 million due to the amortization recognized during the year.

TOTAL LIABILITIES decreased by ₱31.2 million from ₱77.3 million in 2020 to ₱46.1 million in 2021 due to the following:

- **ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITES** increased by ₱5.5 million due to increase in taxes payable.

- **DUE TO RELATED PARTIES** decreased by ₱31.3 million mainly due to the offsetting of ₱40.3 million receivable from related parties in 2021.

- **LEASE LIABILITY** decreased by ₱5.3 million due to the rental payments made during the year.

TOTAL EQUITY increased by ₱526.6 million from ₱2,401.8 million in 2020 to ₱2,928.4 million in 2021 due to the net income during the year.

7. TRENDS, EVENTS OR UNCERTAINTIES THAT HAVE AFFECTED OR THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOME

a) As at December 31, 2022:

- There are no known material commitments for capital expenditures.
- 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 revenues or income from continuing operations.
- There are no significant elements of income or loss that did not arise from the Group's continuing operations.
- There are no seasonal aspects that had a material impact on the results of operations of Group.

b) There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to Group.

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

d) The Group is not a party to any lawsuit or claim arising from the ordinary course of business.

e) The Philippines real estate industry is cyclical and is sensitive to changes in general economic conditions. COVID-19 pandemic affected the economy significantly since year 2020 but with the significant progress in the country's vaccine rollout and confidence in the public, the Group is cautiously optimistic about the outlook of its operations.

- *Demand* for office spaces is expected to remain robust as it was in the past despite the pandemic. With the easing of restrictions due to the pandemic, more office workers are expected to return to the office from their work from home arrangements. Hence, existing tenants are likely to renew their lease with the Company and new tenants are expected to come in. Demand for retail spaces is also expected to rebound with increased foot traffic resulting from the easing of quarantine restrictions and increased mobility.

- *Rent rates* for office and retail spaces are expected to improve to pre-pandemic level aligned with the expected improvement in the economy.

8. INFORMATION ON EXTERNAL AUDITORS

Total audit fees paid by the Group to the external auditors amounted to ₱1,218,640 in 2022.

The Audit and Compliance Committee's approval on policies and procedures included assessing the proposed scope of audit work to be conducted by the independent auditor, evaluating if there are material audit issues to be resolved, and determining whether the fee charged is commensurate with the work carried out.

Other non-audit fees paid to the Group of external auditors for 2022 includes ₱312,680 for tax retainer services.

9. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements and schedules listed in the accompanying Index to Consolidated Audited Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

10. CHANGES IN AND DISAGREEMENTS WITH EXTERNAL AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There were no changes in and/or disagreements with Group's external auditors on accounting and financial disclosures.

PART III- CONTROL AND COMPENSATION INFORMATION

11. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors

(1) Tan Kuang Liang, 48

Mr. Tan Kuang Liang, 48, Singaporean, was elected as Chairman of the Board of Directors and President of KPPI effective 10 February 2023 succeeding the then President Mr. Ng Kwang Keng Samuel Henry who resigned effective 10 February 2023 due to new corporate assignment. Mr. Tan shall serve for the remaining term of Mr. Ng until the election and qualification of his successor.

Mr. Tan joined Keppel Group in 2012 and is currently the President of Keppel Land Indonesia and Regional Investments. Before his current appointment, he was the General Manager for Operational excellence with oversight on Sustainability, Safety, Corporate social responsibility, and Project management at Keppel Land. Prior to joining Keppel Land, he led CapitaLand's South China operations, Jurong China group's business development, and worked in CPG Consultants. Mr. Tan graduated with BSc. Building (2nd Upper Hons) from the National University of Singapore and completed his MSc. Sustainable Building Design (Merit) from the University of Nottingham under BCA-WDA Scholarship in 2016. He is a Green Mark Advanced Accredited Professional and a member of the Singapore Institute of Arbitrators and Society of Project Managers.

(2) Ramon J. Abejuela, 73

Mr. Ramon J. Abejuela, 73, Filipino, was elected as an Independent Director of KPPI from November 1999 to June 2008. He was re-elected in June 2009 and is currently the Chairman of the

Audit and Compliance Committee of KPPI. He is also an Independent Director of Keppel Philippines Holdings, Inc. since September 2017 and Mabuhay Vinyl Corporation since August 2022. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004.

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

Mr. Abejuela has over 40 years of experience in the field of financial planning, control and consultancy.

(3) Celso P. Vivas, 76

Mr. Celso P. Vivas, 76, Filipino, was elected as an Independent Director of KPPI since November 2004 and is a member of KPPI's Audit and Compliance Committee. He is also an Independent Director since June 2005 and is currently the Lead Independent Director and Chairman of the Audit Risk and Compliance Committee of Keppel Philippine Holdings, Inc.

Mr. Vivas is also an Independent Director of Megawide Construction Corporation, Chairman of its Audit and Compliance Committee, and Member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee. He also serves as an Independent Director of Republic Glass Holdings Corporation, Chairman of its Governance, Nomination and Remuneration Committee, and Member of the Audit and Risk Management Committee. He is also an Independent Director of Goodsoil Marine Realty, Inc., Goodwealth Realty Development, Inc., Keppel Subic Shipyard, Inc. and Consort Land, Inc

Mr. Vivas was a 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).

Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management and corporate governance.

(4) Ms. Kang Siew Fong, 51

Ms. Kang Siew Fong, 51, Singaporean was elected as Director of the Company on 10 June 2022. She was appointed as Country Head of the Company to oversee Keppel Land's business in the Philippines on May 2022.

Ms. Kang joined Keppel Land Limited in 2005. She has extensive experience and knowledge in business development and asset management in Singapore and regional countries such as India, Myanmar, Malaysia and Sri Lanka. Prior to joining Keppel Land, she worked for Singapore Land Authority, Urban Redevelopment Authority and major international commercial real estate services companies in areas of portfolio management and marketing. Ms. Kang holds a Bachelor Degree (Honours 2nd Class Upper) in Science (Estate Management).

(5) Leonardo R. Arguelles, Jr., 74

Mr. Leonardo R. Arguelles Jr., 74, Filipino, was elected as an Independent Director of the Company in August 2020 and is a Member of KPPI's Audit and Compliance Committee. He is also an Independent Director of Keppel Philippines Holdings, Inc. since June 2020.

He was the Chief Executive Officer and Director of Unicapital Securities, Inc. from 2001 to March 2019, concurrently being a Member of its Strategic Planning Committee, Risk Management Committee, and Digital Committee. He was also an Independent Director from 2002 to 2009 at Royal Bank of Scotland, Manila Branch, being the Chairman of the Audit Committee and Member of its Governance Committee and Risk Management Committee. He has also held Executive, Advisory and Directorship positions in various Financial Institutions and Listed Entities.

Mr. Leonardo R. Arguelles Jr. graduated from Ateneo de Manila University with Bachelor's Degree in Economics. He also finished a certificate course in Strategic Business Economics from University of Asia and the Pacific, and completed his Advanced Management Program from University of Asia and the Pacific and IESE Business School of Barcelona.

(6) Stefan Tong Wai Mun, 50

Mr. Stefan Tong Wai Mun, 50, Malaysian, was elected as a Director of KPPI in June 2007. He is also the Executive Vice President and Director of Keppel Philippines Marine, Inc., as well as a Director of Keppel Philippines Holdings, Inc., and of various Keppel companies in the Philippines.

Mr. Tong holds a Bachelor of Commerce Degree in Accounting and Finance (Honours) from University of Western Australia. He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia and New Zealand.

Mr. Tong has over 20 years of experience in banking, finance and real estate.

(7) Tan Boon Ping, 49

Ms. Tan Boon Ping, 49, Singaporean, was elected as a Director of KPPI on 14 January 2019. Ms. Tan joined Keppel Land Limited in December 2008 as Financial Controller, overseeing the Group consolidation and reporting for the Keppel Land Group. She reported directly to the Chief Financial Officer, and she also assisted the Company Secretary on corporate secretarial matters. In December 2015, she was appointed the Chief Financial Officer of Keppel Land China Limited. In August 2018, she assumed the role of Chief Financial Officer, Keppel Land Limited.

Prior to joining Keppel Land, Ms. Tan has worked with established real estate companies in Singapore where she gained experiences in group consolidation, tax, financial and management reporting, forecasting and budgeting for large groups with regional presence. She started her career as an auditor with Ernst and Young and PricewaterhouseCoopers.

Ms. Tan holds a Bachelor of Business Administration from National University of Singapore and a Master in Financial Management from University of Manchester. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

(8) Yong Ngai Soon, 49

Mr. Yong Ngai Soon, 49, Singaporean, was elected as a Director of KPPI on 29 May 2020. Mr. Yong joined Keppel Land Limited in January 2019 as Financial Controller. His professional background includes various industries such as Audit, Information Technology, and Real Estate.

Prior to joining Keppel Land, he held senior finance leader positions in the past ten years with established real estate companies in Singapore and China. He also has profound experience in group consolidation, financial reporting, business partnering, tax, and mergers and acquisitions.

Mr. Yong holds a Bachelor's Degree in Accountancy from Nanyang Technological University of Singapore. He is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

Resigned Members of the Board of Directors in year 2022 until the date of this report

(1) Ng Kwang Keng Samuel Henry, 50, resigned effective 10 February 2023

Mr. Ng Kwang Keng Samuel Henry, 50, Singaporean, was first elected as Director and President of KPPI effective 6 January 2022, and as Chairman of the Board of Directors effective 1 February 2022. He resigned due to a new corporate assignment effective 10 February 2023.

Mr. Ng joined Keppel Land in March 2011 and has spent ten (10) years with Keppel Land China wherein he assumed various functional and business roles, including Business Development, Marketing and City Head. One of the initiatives he led in Keppel Land China was to set up the Customer Experience team of the company. Over the past year, Mr. Ng has been driving the transformation journey in Keppel Land Indonesia as its President since February 2021. Mr. Ng is a graduate of National University of Singapore.

(2) Ng Ooi Hooi, 63, resigned effective 27 January 2022

Mr. Ng Ooi Hooi, 63, Singaporean, was re-elected on 23 December 2019 as Chairman of the Board of Directors of KPPI effective 1 January 2020 and resigned effective 27 January 2022 due to retirement. Mr. Ng joined Keppel Land Group in 2007, and was President of Singapore & Regional Investments, overseeing the Group’s real estate businesses in Singapore, Philippines, Myanmar and Malaysia. 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 Development 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, including the Ministry of Home Affairs, Ministry of Communications and Information, Ministry of Information and the Arts, Ministry of Trade and Industry, Ministry of National Development, Ministry of Defence, Ministry of Law, Singapore Land Authority, and Ministry of Transport.

Mr. Ng is a Director of a number of subsidiaries and associates in the 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.

(3) Oh Lock Soon, 64, resigned effective 6 January 2022

Mr. Oh Lock Soon, 64, Singaporean, was elected as a Director and President of KPPI on 31 March 2017 and resigned effective 6 January 2022 due to retirement. Prior to his assignment in KPPI, Mr. Oh Lock Soon served as the President of Keppel Thai Properties Public Company Limited from January 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 Pte. Ltd, Mr. Oh served as Director for Qingjian Realty, Pte. Ltd. He also served as a 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 TCC Capital Land (Thailand) Limited, a joint venture between Capital Land (Singapore) Limited and TCC Land (Thailand) Limited from November 2006 until December 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.

Key Officers

(1) Tan Kuang Liang, 48 *(See foregoing director's profile)*

(2) Kang Siew Fong, 51 *(See foregoing director's profile)*

(3) Jona Arrol V. Cabrera, 31

Ms. Jona Arrol V. Cabrera, 31, Filipino, joined the Company in May 2021 as Finance Deputy Manager and was appointed as Treasurer effective 10 June 2022.

Ms. Cabrera has over 10 years of combined experience in the field of external audit, accounting, business process improvement, and underwriting. She previously worked with the real estate conglomerate, Filinvest Land, Inc.; investment bank, Avana Capital; and auditing firms, SGV & Co. (Ernst & Young Philippines) and Grant Thornton in the Kingdom of Bahrain.

Ms. Cabrera graduated from Universidad De Dagupan with Bachelor of Science Degree in Accountancy and passed the licensure examination for Certified Public Accountants in October 2011.

(4) Atty. Maria Melva E. Valdez, 63

Atty. Maria Melva E. Valdez, 63, Filipino, has been the Corporate Secretary of KPPI since 1999. Atty. Valdez also served as Director of KPPI from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm Bello Valdez & Fernandez (JGLaw). Atty. Valdez is also the Corporate Secretary of Keppel Philippines Holdings, Inc. and Mabuhay Vinyl Corporation (listed corporations). She is likewise the Corporate Secretary of the Asian Institute of Management (AIM), Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc., Keppel Philippines Marine, Inc. and various Keppel companies in the Philippines, EMS Resources Technology Inc., EMS Services Philippines, Inc., EMS Services International Inc., Creotec Philippines Inc., Wartsila Philippines Inc., Calamba Medical Center, Inc., Calamba Cancer Center, Inc., Kopiko Philippines Corporation, and Gruppo EMS Inc.; Director/Chairman/President of Servier Philippines, Inc. Atty. Valdez likewise holds directorship position in the following companies: Leighton Contractors (Phils), Inc., Suretrac Holdings Inc., Asia Contractors Holdings, Inc. Cambe Dental Billing Services, Inc., KPSI Property, Inc., Opon Realty & Development Corp., Opon-KE Properties, Inc., and Asia Control Systems Philippines, Inc. She is a trustee of AIM Scientific Research Foundation, Inc. and the Philippine-Japan Economic Cooperation, Chairperson of the Membership Committee of Inter-Pacific Bar Association (IPBA), and a member of the Philippine-Italian Association. She is also a lecturer of the UP Law Center Paralegal Training Program.

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 over 35 years of working experience in her field of profession as a lawyer.

(5) Atty. Pamela Ann T. Cayabyab, 40

Pamela Ann T. Cayabyab, 40, Filipino, has been the Assistant Corporate Secretary of Keppel Philippines Properties, Inc. since June 2021. She is a Senior Associate at the Bello Valdez & Fernandez Law offices (JGLaw). She has been Assistant Corporate Secretary of Mabuhay Vinyl Corporation (listed company) since November 2020; Assistant Corporate Secretary of Keppel Philippines Holdings, Inc. (listed company) since May 2021 and various Keppel companies; Assistant Corporate Secretary of Brother International Philippines Corporation since May 2015; Assistant Corporate Secretary of Fujita Philippines Construction and Development, Inc. since

April 2017; Assistant Corporate Secretary of PPG Coatings (Philippines) Inc. since March 2012; Assistant Corporate Secretary of Tosoh Polyvin Corporation since March 2011; various condominium corporations and a non-profit foundation.

She obtained her Juris Doctor degree from the Ateneo de Manila University and Bachelor of Arts in Political Science from the University of the Philippines Diliman.

Resigned Key Officers in year 2022 until date of this report

(1) Ng Kwang Keng Samuel Henry, 50 *(See foregoing director's profile)*

(2) Oh Lock Soon, 64 *(See foregoing director's profile)*

(3) Pang Chan Fan, 40

Mr. Pang Chan Fan, 40, Singaporean, was elected as a Director of KPPI on 27 January 2022 and resigned effective 10 June 2022. Mr. Pang joined Keppel Land Group under Keppel Land Hospitality Management Pte. Ltd. and was assigned as the Financial Controller of Wiseland Investment (Myanmar) Ltd. in October 2015. He was then appointed as Financial Controller of KPPI in April 2017 and then as Treasurer in October 2017. Prior to joining Keppel Land Group, he has held positions as a Finance Manager and has started his professional career in audit firms in Singapore.

The members of the Board of Directors of KPPI are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

The Officers are appointed annually by the Board of Directors at its first 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 appointed or shall have been qualified.

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.

Directorships in Other Reporting Companies

The following are directorships held by the Directors in other reporting companies:

Ramon J. Abejuela
Keppel Philippines Holdings, Inc. - Independent Director

Celso P. Vivas
Keppel Philippines Holdings, Inc. - Lead Independent Director and Chairman of the Audit, Risk and Compliance Committee

Stefan Tong Wai Mun
Keppel Philippines Holdings, Inc. - Director

Leonardo R. Arguelles, Jr.
Keppel Philippines Holdings, Inc. - Independent Director

Family Relationship

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 KPPI to become directors or executive officers, any security holder of certain record, beneficial owner or management.

Legal Proceedings

To the knowledge and/or information of KPPI, none of the directors and officers/nominees was involved during the past five (5) years 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.

12. EXECUTIVE COMPENSATION

KPPI has five (5) executive officers as at 31 December 2022:

a. The aggregate annual compensation (including salary and benefits) paid to the executive officers is summarized in the table below:

SUMMARY COMPENSATION TABLE Annual Compensation (in Pesos)					
Name and Principal Position		Salary	Bonus	Others	Total
		In Php Millions			
Ng Kwang Keng Samuel Henry *(Outgoing Chairman of the Board of Directors and President)* 1) Kang Siew Fong *(Country Head)* 2) Jona Arrol V. Cabrera *(Treasurer)* 3) Janel Michelle Dazo *(Senior HR Manager)* 4) Kimberly Escolano *(Internal Auditor)*					
	2023 (Estimate)	17.36	3.00	0.89	21.25
	2022	16.38	2.83	0.89	20.10
Aggregate compensation of the President and top four Executive Officers	2021	19.36	5.56	0.34	25.26

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

b. KPPI's By-Laws provide that, by resolution of the Board, each Director shall receive a per diem allowance for his/her 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 ₱80,000 each per annum. Payment of directors' fee of ₱80,000 per director for 2022 will be presented to the stockholders for approval at the annual stockholders' meeting. Each director also receives an amount of ₱10,000 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 KPPI 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 president, executive officers and all officers and directors as a Group.

13. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Certain Record and Beneficial Owners:

As at 31 December 2022, KPPI has no knowledge of any individual or any party who beneficially owns Keppel Philippines Properties, Inc. stock in excess of 5% of KPPI's common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and relationship with KPPI	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] 1 HarbourFront Avenue Level 2 Keppel Bay Tower, Singapore 098632 (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 Level 2 Keppel Bay Tower, Singapore 098632 (Stockholder)	Same as Record Owner	Singaporean	35,783,742	12.18%
Common Shares of Stock	Molten Pte Ltd. [4] 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632 (Stockholder)	Same as Record Owner	Singaporean	19,951,723	6.79%
Common Shares of Stock	PCD Nominee Corp. – Filipino [5] 37/F Enterprise Bldg. Ayala Avenue, Makati City 1226	Various [5]	Filipino	16,159,726	5.50%

1. Mr. Tan Kuang Liang 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 KPPI.
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 in KPPI.
4. Mr. Tan Kuang Liang, or in his absence, the Chairman of the meeting is duly authorized as proxy to vote for the shareholdings of Molten Pte. Ltd. in KPPI.
5. 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 the 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 the beneficial ownership of the shares still remain with the lodging stockholder. By policy, PCNC does not vote the shares it was entrusted with in its name.

(b) Security Ownership of Directors and Management:

As at 31 December 2022, the shareholdings of all Directors of KPPI are as follow:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares of Stock	Ng Kwang Keng Samuel Henry *(effective 6 January 2022)*	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	Kang Siew Fong	1	Singaporean	0.00%
Common Shares of Stock	Leonardo R. Arguelles, Jr.	1	Filipino	0.00%
Common Shares of Stock	Stefan Tong Wai Mun	10,000	Malaysian	0.00%
Common Shares of Stock	Tan Boon Ping	1	Singaporean	0.00%
Common Shares of Stock	Yong Ngai Soon	1	Singaporean	0.00%

As disclosed above, apart from the President and the Country Head who are also Directors of KPPI, none of the compensated executive officers have Security Ownership in KPPI as shown in the list of shareholders' purchases as provided by KPPI's transfer agent.

(c) Voting Trust Holders of 5% or more

As at December 31, 2022, there are no individuals or parties who hold 5% or more of KPPI's common shares of stock under a voting trust or similar agreement.

(d) Changes in control

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

14. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

a) During the last two (2) years, no director of KPPI has received or become entitled to receive any benefit by reason of any contract with KPPI, 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:

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

b) The Parent Company of the registrant is KLL, who owns 50.49% of KPPI's capital stock.

Details of KPPI's related party transactions are explained in Note 11 of the Notes to the Consolidated Audited Financial Statements of KPPI.

PART IV – CORPORATE GOVERNANCE

15. CORPORATE GOVERNANCE

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

It has a Compliance Officer who diligently performs the duties and responsibilities under the Amended Manual, by reporting to the 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. Appointment/designation of Compliance Officer is immediately disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The Board of Directors (Board) continues to observe KPPI'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, 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. KPPI also complies with the appropriate self-rating assessment and performance evaluation system to determine and measure compliance in accordance with the Amended Manual.

KPPI created committees required under the Amended Manual, namely, Executive Committee, Audit and Compliance Committee, and Governance, Nomination and Compensation Committee. The creation of said committees and the election of corresponding members were immediately disclosed to the SEC and the PSE. Each aforementioned committee performs functions and responsibilities set forth in the Amended Manual.

The Executive Committee meets regularly to perform tasks as delegated by the Board.

The Audit and Compliance Committee meets regularly to review all financial reports to comply with the relevant accounting and regulatory standards, and performs oversight of financial management functions. The Committee is composed of three (3) independent directors with one (1) independent director serving as Chairperson.

The Governance Nomination and Compensation Committee complies with the provisions of KPPI's Amended Manual with regard to its oversight responsibility on corporate governance, nomination and compensation. The Committee pre-screens all candidates nominated to become members of the Board. The qualifications of director mentioned in the Amended Manual have also been strictly followed. The Committee is composed of three (3) independent directors with one (1) independent director serving as Chairperson.

All of the directors of KPPI, except for Mr. Tan, have attended and actively participated in the Corporate Governance Seminars held annually. Mr. Tan, being newly appointed as Chairman of the Board of Directors and President, has yet to attend a Corporate Governance Seminar in 2023.

KPPI submitted its Integrated Annual Corporate Governance Report to SEC and PSE on 30 May 2022.

PART V- EXHIBITS AND SCHEDULES

16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits - See accompanying Index to Exhibits

The following exhibit is filed as a separate section of this report:
No. (18) on Index to Exhibits - Subsidiaries of the Registrant

The other exhibits, as indicated in the Index to Exhibits are either not applicable to KPPI or require no answer.

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C filed during the last twelve (12) month period covered by this report are as follows:

Date of Report	Events Reported
29 March 2022	Approval of KPPI's Audited Financial Statements, Annual Report and Sustainability Report as of and for the year ended 31 December 2021
4 May 2022	Approval of Postponement of Annual Stockholder's Meeting (ASM) from June 9 to June 10, Setting up of Record Date, Approval of conduct of ASM via remote communication, Approval of Amendments to the By-Laws subject to ratification by the stockholders
20 May 2022	Annual Stockholder's Meeting Agenda
10 June 2022	Results of the Regular Meeting of the Board of Directors
10 June 2022	Results of the Annual Stockholders' Meeting
10 June 2022	Results of the Organizational Meeting of the Board of Directors

Date of Report	Events Reported
3 November 2022	Approval of Redemption of Redeemable Preferred Shares of Buena Homes Inc. from KPPI
10 February 2023	Resignation of Mr. Ng Kang Kweng Samuel Henry as KPPI's Chairman of the Board of Directors and President and Election of Mr. Tan Kuang Liang as Chairman of the Board of Directors and President effective 10 February 2023. The SEC form 17-C was amended to include the background of Mr. Tan Kuang Liang.
3 March 2023	Approval of KPPI's Audited Financial Statements, Annual Report and Sustainability Report as of and for the year ended 31 December 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of PASIG CITY on MAR 17 2023 2023.

By:

Tan Kuang Liang **President**	Jona Arrol V. Cabrera **Treasurer**
Atty. Ma. Melva E. Valdez **Corporate Secretary**	Atty. Pamela Ann T. Cayabyab **Assistant Corporate Secretary**

SUBSCRIBED AND SWORN to before me this MAR 17 2023 day ____ of 2023 affiant (s) exhibiting to me his/their Tax Identification Numbers, as follows:

Names	TIN
Tan Kuang Liang	[redacted]
Jona Arrol V. Cabrera	
Ma. Melva E. Valdez	
Pamela Ann T. Cayabyab	

Doc. No. 100
Page No. 21
Book No. V
Series of 2023.

ATTY. [illegible]
Notary Public Pasig City
Commission No. [illegible]
700 Mega Plaza, ADB Ave., Pasig City
Attorney's Roll No. [illegible]
IBP No. [illegible]

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the Country of Indonesia on 3rd of March 2023.

By:

Tan Kuang Liang	Jona Arrol V. Cabrera
Chairman of the Board and President	**Treasurer**

Atty. Ma. Melva E. Valdez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this __________ day __________ of 2023 affiant (s) exhibiting to me his/their Tax Identification Numbers, as follows:

Names	TIN
Tan Kuang Liang	[redacted]
Jona Arrol V. Cabrera	
Ma. Melva E. Valdez	

Doc. No. _______
Page No. _______
Book No. _______
Series of 2023.

LEGALIZATION
Number: 737/L/2023

Seen for legalization the signature of:

-Mr. TAN KUANG LIANG,

On this day, Friday, 3rd March, 2023 by me, AMELIA JOCELYN SITUNGKIR, Sarjana Hukum, Magister Kenotariatan. ------------------------

Notary in Kabupaten Tangerang

AMELIA JOCELYN SITUNGKIR, S.H., M.Kn.

KEPPEL PHILIPPINES PROPERTIES, INC.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

First page.

AMELIA JOCELYN SITUNGKIR, SH, M.Kn
NOTARIS KABUPATEN TANGERANG

Keppel Philippines Properties

Keppel Philippines Properties, Inc.
Units 1802B-1803 The Podium West Tower
12 ADB Avenue, Ortigas Center
Mandaluyong City 1550, Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Keppel Philippines Properties, Inc. and Subsidiaries ("the Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at and for the years ended December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud of error.

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

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

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

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

TAN KUANG LIANG
Chairman of the Board and President

JONA ARROL V. CABRERA
Treasurer

Signed this 3rd day of March 2023

SUBSCRIBED AND SWORN TO BEFORE ME, this 07 March 2023, affiants exhibited to me their Tax Identification Numbers:

1. Jona Arrol V. Cabrera

- TAN, KUANG LIANG

[redacted]

NOTARY PUBLIC

ATTY. JAMES [illegible] ABUGAN
Notary Public
APPT. NO. 0442-23 Until 12-31, 2024
IBP No. 180334 Nov. 23, 2022 Rizal Chapter
Roll No. 36890 Lifetime
MCLE No. VII-0020134 until 4/14/2025
TIN No. [illegible]
PTR No. [illegible] 2023
Rm. 314 [illegible] SOSA,
Mandaluyong City Tel. no. (02)654-523-23

MANDALUYONG CITY

Doc. No. 81 ;
Page No. 18 ;
Book No. 35 ;
Series of 2023.

LEGALIZATION
Number: 734/L/2023

Seen for legalization the signature of:

-Mr. TAN KUANG LIANG,

On this day, Friday, 3rd March, 2023 by me, AMELIA JOCELYN SITUNGKIR, Sarjana Hukum, Magister Kenotariatan. ------------------------

Notary in Kabupaten Tangerang

AMELIA JOCELYN SITUNGKIR, S.H., M.Kn.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

PW-305

COMPANY NAME

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
keppel.prop@kepland.com.ph	8584-6170	0917-8500380

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,218	06/08	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jona Arrol Cabrera	Jona.Cabrera@kepland.com.ph	8584-6170	0945-7532713

CONTACT PERSON's ADDRESS

18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center Mandaluyong City, 1550

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

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

Independent Auditor's Report

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803
The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City

Report on the audits of the consolidated financial statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Keppel Philippines Properties, Inc. and its subsidiaries (together, the "Group") as at December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

<u>Impairment of investments in associates and joint venture</u>	
Impairment assessment of investments in associates and joint venture requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. These investments in associates and joint venture represent ninety-four percent (94%) of the Group's total assets. Refer to Note 6 for the details of the investments in associates and joint venture and to Note 19.2 (c) on the discussion of critical accounting judgement.	We addressed the matter by evaluating management's impairment assessment of its investments in associates and joint venture with a particular focus on whether the operating losses reported by some of the investees indicate impairment. The evaluation was made by testing the assumptions and methodologies in management's cash flow forecast of the operations of the investee companies. We focused on key assumptions affecting the long-term profit and cash flow generating capacity of the individual assets of the investees. The assumptions tested and procedures performed follow: • The rental, escalation and vacancy rates for cash inflows were compared against the rates based on the existing lease contracts, historical experience of the Group and industry outlook. • Capital expenditures and non-recoverable expenses for cash outflows were compared with the historical financial experience of comparable companies with mall and office leasing activities. • Discount and terminal capitalization rates were compared with the market data and industry research.

	We also used the work and conclusions of external valuation experts engaged by management to corroborate our own conclusions. Based on the procedures performed, we find that the assumptions used were consistent with historical results, market research and industry outlook.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A annual report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A annual report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Catherine H. Santos.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 3, 2023

Statements Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803
The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City

We have audited the consolidated financial statements of Keppel Philippines Properties, Inc. and its subsidiaries as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 3, 2023. The supplementary information shown in the Reconciliation of Retained Earnings for Dividend Declaration and Map of Relationships of the Companies within the Group as required by Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G as additional components as required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 3, 2023

Isla Lipana & Co.

Independent Auditor's Report on
Components of Financial Soundness Indicators

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc. and Subsidiaries
18th Floor, Units 1802B-1803
The Podium West Tower, 12 ADB Avenue
Ortigas Center, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Properties, Inc. and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 3, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of the operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basis consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 9, 2023 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
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BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 3, 2023

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	2	39,719,571	84,033,954
Receivables	3	9,108,585	9,362,549
Due from related parties	11	8,295,274	9,226,664
Prepayments and other current assets, net	4	52,603,173	29,547,319
Total current assets		109,726,603	132,170,486
Non-current assets			
Financial assets at fair value through other comprehensive income	5	79,512,230	79,512,230
Investments in associates and joint venture	6	3,314,295,930	2,758,317,653
Right-of-use asset, net	7	12,254,677	1,627,717
Refundable deposits	7	542,418	53,300
Property and equipment, net	8	486,139	2,196,405
Deferred income tax assets, net	14	413,129	89,990
Retirement benefit asset	16	243,715	535,102
Total non-current assets		3,407,748,238	2,842,332,397
Total assets		3,517,474,841	2,974,502,883
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	9	11,146,846	21,611,172
Due to related parties	11	23,412,776	23,999,969
Lease liabilities, current portion	7	5,589,372	468,943
Total current liabilities		40,148,994	46,080,084
Non-current liability			
Lease liabilities, net of current portion	7	6,448,054	-
Total liabilities		46,597,048	46,080,084
Equity	10		
Share capital		356,104,000	356,104,000
Share premium		602,885,517	602,885,517
Treasury shares		(2,667,645)	(2,667,645)
Other reserves		1,682,548	1,394,661
Retained earnings		2,512,873,373	1,970,706,266
Total equity		3,470,877,793	2,928,422,799
Total liabilities and equity		3,517,474,841	2,974,502,883

The notes on pages 1 to 45 are an integral part of these consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Gross income (loss)				
Share in results of associates and joint venture	6	555,696,349	555,646,785	(50,031,900)
Management consultancy and franchise fees	11	40,811,927	26,675,523	15,455,164
Interest income	2	729,049	310,301	1,409,005
Gross income (loss), net		597,237,325	582,632,609	(33,167,731)
General and administrative expenses	12	(54,682,267)	(59,139,193)	(60,782,804)
Other income, net	13	2,146,282	4,560,228	9,500,408
Net income (loss) before income tax		544,701,340	528,053,644	(84,450,127)
Income tax expense	14	(2,534,233)	(2,393,980)	(3,082,074)
Net income (loss) for the year		542,167,107	525,659,664	(87,532,201)
Other comprehensive income (loss)				
Items that will not be subsequently reclassified to profit or loss				
Share in actuarial gains (losses) of an associate and joint venture	6	281,928	481,488	(189,980)
Remeasurement gain on defined benefit plan	16	7,946	625,449	138,659
Deferred income tax relating to actuarial gain	16	(1,987)	(117,525)	(41,598)
		287,887	989,412	(92,919)
Total comprehensive income (loss) for the year		542,454,994	526,649,076	(87,625,120)
Basic and diluted income (loss) per share	15	1.85	1.79	(0.30)

The notes on pages 1 to 45 are an integral part of these consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

	Share capital				Other reserves			
	Common (Note 10)	Preferred (Note 10)	Share premium (Note 10)	Treasury shares (Note 10)	Actuarial gain on defined benefit plan (Notes 10 & 16)	Share in actuarial gain (loss) of an associate and a joint venture (Notes 6 & 10)	Retained earnings (Note 10)	Total equity
Balances at January 1, 2020	296,629,900	59,474,100	602,885,517	(2,667,645)	446,657	51,511	1,532,578,803	2,489,398,843
Comprehensive loss								
Net loss for the year	-	-	-	-	-	-	(87,532,201)	(87,532,201)
Other comprehensive income (loss)	-	-	-	-	97,061	(189,980)	-	(92,919)
Total comprehensive loss for the year	-	-	-	-	97,061	(189,980)	(87,532,201)	(87,625,120)
Balances at December 31, 2020	296,629,900	59,474,100	602,885,517	(2,667,645)	543,718	(138,469)	1,445,046,602	2,401,773,723
Comprehensive income								
Net income for the year	-	-	-	-	-	-	525,659,664	525,659,664
Other comprehensive income	-	-	-	-	507,924	481,488	-	989,412
Total comprehensive income for the year	-	-	-	-	507,924	481,488	525,659,664	526,649,076
Balances at December 31, 2021	296,629,900	59,474,100	602,885,517	(2,667,645)	1,051,642	343,019	1,970,706,266	2,928,422,799
Comprehensive income								
Net income for the year	-	-	-	-	-	-	542,167,107	542,167,107
Other comprehensive income	-	-	-	-	5,959	281,928	-	287,887
Total comprehensive income for the year	-	-	-	-	5,959	281,928	542,167,107	542,454,994
Balances at December 31, 2022	296,629,900	59,474,100	602,885,517	(2,667,645)	1,057,601	624,947	2,512,873,373	3,470,877,793

The notes on pages 1 to 45 are an integral part of these consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Cash flows from operating activities				
Income (loss) before income tax		544,701,340	528,053,644	(84,450,127)
Adjustments for:				
Depreciation and amortization expense	7, 8, 12	6,951,284	9,710,968	9,846,245
Interest expense on lease liabilities	7,13	422,104	265,850	591,874
Retirement benefit expense	12, 16	299,333	364,806	354,234
Unrealized foreign exchange loss (gain)	18	-	372,850	(61,186)
Gain on sale of property and equipment	13	(2,300)	-	-
Interest income	2	(729,049)	(310,301)	(1,409,005)
Gain on reversal of liabilities	9, 13	(1,784,328)	(310,975)	(6,986,370)
Share in results of associates and joint venture	6	(555,696,349)	(555,646,785)	50,031,900
Operating loss before working capital changes		(5,837,965)	(17,499,943)	(32,082,435)
Decrease (increase) in:				
Due from related parties		931,390	2,491,730	(1,632,022)
Receivables		277,633	(8,069,519)	758,577
Prepayments and other current assets		(2,017,292)	(4,989,171)	1,111,185
Increase (decrease) in:				
Accounts payable and other current liabilities		(11,012,108)	5,654,735	(7,772,483)
Due to related parties		(22,007,193)	9,046,125	(11,404,823)
Net cash used in operations		(39,665,535)	(13,366,043)	(51,022,001)
Interest received		705,380	310,301	1,579,451
Contribution to the retirement plan		-	-	(130,002)
Income tax paid		(145,811)	-	(1,540,299)
Net cash used in operating activities		(39,105,966)	(13,055,742)	(51,112,851)
Cash flows from investing activities				
Proceeds from sale of property and equipment		2,300	-	-
Acquisitions of property and equipment	8	(111,965)	(93,212)	(809,653)
Decrease (increase) in refundable deposits		(489,118)	1,460,512	(74,538)
Net cash provided by (used in) investing activities		(598,783)	1,367,300	(884,191)
Cash flows from financing activities				
Payments for the principal portion of lease liabilities	7	(4,187,530)	(5,308,133)	(4,716,660)
Payments for the interest portion of lease liabilities	7	(422,104)	(265,850)	(591,874)
Net cash used in financing activities		(4,609,634)	(5,573,983)	(5,308,534)
Net decrease in cash and cash equivalents		(44,314,383)	(17,262,425)	(57,305,576)
Cash and cash equivalents at January 1		84,033,954	101,296,379	158,601,955
Cash and cash equivalents at December 31	2	39,719,571	84,033,954	101,296,379

The notes on pages 1 to 45 are an integral part of these consolidated financial statements.

(In the Notes, all amounts are shown in Philippine Peso unless otherwise indicated)

Note 1 - Corporate information

Keppel Philippines Properties, Inc. (KPPI or the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 7, 1918 primarily to invest or acquire interest in, purchase, own or hold, directly or indirectly, shares of stocks and to undertake in property development activities through its associates and joint venture. The Parent Company's corporate life was extended for another fifty (50) years starting February 7, 1968. On May 5, 2017, the Parent Company's corporate life was further extended for another fifty (50) years from February 6, 2018.

The Parent Company is listed in the Philippine Stock Exchange (PSE) through an initial public offering (IPO) in 1989. There was no further follow on offering after the IPO. Its immediate parent company is Keppel Land Limited (KLL) and the ultimate Parent Company is Keppel Corporation Limited (KCL), both incorporated in Singapore. KCL is listed in the Singapore Exchange Securities Trading Limited.

As at December 31, 2022 and 2021, the top five (5) shareholders of the Parent Company are the following:

	Percentage of ownership
KLL	50%
Kepwealth, Inc.	17%
KCL	12%
Molten Pte Ltd	7%
Public*	14%

** 8% direct ownership and 6% through PCD Nominee Corporation as at December 31, 2022 and 2021.*

The Parent Company holds investments in associates and joint venture involved in property development and holding of investment properties (Note 6) and renders management consultancy services to associates (Note 11).

The Parent Company, together with its subsidiaries, associates and a joint venture are collectively referred to as "The Group".

As at December 31, 2022 and 2021, the Parent Company's subsidiaries, associates and joint venture, which were all incorporated in the Philippines are as follows:

	Percentage of ownership	Effective ownership interest	Nature of business
Subsidiaries			
CSRI Investment Corporation (CSRI)	100	100	Investment holding
Buena Homes, Inc. (BHI)	100	100	Investment holding
Associates			
Opon Realty and Development Corporation (ORDC)	40	40	Investment holding
Opon Ventures, Inc. (OVI)	40	64	Investment holding
Opon-KE Properties, Inc. (OKEP)	40	78	Investment holding
Joint venture			
SM Keppel Land, Inc. (SMKL)	40	48	Lease of mall and office spaces, cinema ticket sales and carpark operation

The Parent Company has 1,019 shareholders, each owning one hundred (100) or more shares, as at December 31, 2022 (2021 - 1,038).

The Group's principal office address is 18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City. It has 12 employees as at December 31, 2022 and 2021.

The consolidated financial statements of the Group have been approved and authorized for issuance by the Board of Directors (BOD) on March 3, 2023.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash in banks	33,423,977	18,105,936
Cash equivalents	6,220,594	65,853,018
Cash on hand	75,000	75,000
	39,719,571	84,033,954

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earns interest at the respective short-term deposit rates that range from 0.50% to 5.13% per annum in 2022 (2021 - 0.38% to 0.50% per annum).

Interest income from cash and cash equivalents amounted P0.7 million in 2022 (2021 - P0.3 million; 2020 - P1.4 million). Accrued interest receivable on money market placements is presented as part of Receivables (Note 3) and will form part of the investment carrying amount upon maturity.

Note 3 - Receivables

Receivables as at December 31 consist of:

	Note	2022	2021
Accrued income	11(c)	8,387,160	8,800,603
Non-trade		2,666,664	2,666,664
Accrued interest		28,338	4,669
Receivables from employees		2,350	66,575
Others		690,737	490,702
		11,775,249	12,029,213
Allowance for impairment loss on non-trade receivables		(2,666,664)	(2,666,664)
		9,108,585	9,362,549

Accrued income pertains to accruals for management and franchise fee revenue and are collectible within the following month.

Non-trade receivable pertains to the receivable arising from an agreement of the Group with a third party entered into on October 24, 2013 to sell its fully depreciated investment properties. As at December 31, 2022 and 2021, full allowance was provided for the receivable, subject to reversal until such time the Management can determine the probable amount to be recovered from the third party.

Accrued interest pertains to income accrued from the Group's short-term deposits and are collectible within one (1) year.

Receivables from employees represent non-interest-bearing loans granted to employees that are collected through salary deduction and are collectible within one (1) year.

Other receivables pertain to withholding taxes receivable whose creditable withholding tax certificates have yet to be received and refunds from third parties for the cancellation of paid services in prior years.

No movement in allowance for impairment loss from 2019 to 2022.

Note 4 - Prepayments and other current assets, net

Prepayments and other current assets, net as at December 31 consist of:

	2022	2021
Creditable withholding taxes	27,888,603	23,930,080
Tax credit	23,635,012	-
Prepayments	759,935	2,072,381
Input value added tax (VAT), net	311,541	3,486,703
Deferred input VAT	8,082	58,155
	52,603,173	29,547,319

Creditable withholding taxes pertain to the amounts withheld by the Group's counterparties in relation to management fees. As at December 31, 2022 and 2021, Management has determined that these are recoverable and can be applied against future income taxes.

Tax credit includes tax credit received from the Bureau of Internal Revenue (BIR) amounting to P21.4 million in relation to the withholding and remittance of final withholding taxes in relation to the Parent Company's redemption of preferred shares in year 2010 (Note 11). Said tax credit can be applied against future applicable income tax liabilities per the BIR rules and regulations and is valid until May 16, 2027. It also includes P2.2 million excess final tax withheld in relation to the Parent Company's management consultancy fee that can be applied against future final withholding taxes.

Prepayments mainly consist of current portion of refundable deposits related to the Parent Company's lease of office space and residential properties for its officers as at December 31, 2022 and 2021 (Note 7).

The current input VAT balance pertains to the excess of input VAT over output VAT as at December 31, 2022 and 2021. Deferred input VAT is the current portion of input tax credits on capital goods not yet claimable and were deferred during the year.

Note 5 - Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) as at December 31, 2022 and 2021 are presented below.

	Amount
Preferred equity securities	79,287,230
Club shares	225,000
	79,512,230

(a) Preferred equity securities

Preferred equity securities pertain to investments in redeemable preferred shares of OVI and OKEP which were acquired in 2012 at ten pesos (P10) per share. These investments are classified as financial assets at FVOCI as the characteristics of the investment do not give the Group significant influence over OVI and OKEP (Note 6). These investments are carried at fair value. Based on the Group's assessment, cost represents the best estimate of fair value as the instruments are unquoted securities (Note 19.2).

The features and conditions of the redeemable preferred shares are as follows:

- Non-voting, except for the cases provided for under Section 6, Paragraph 6 of the Corporation Code of the Philippines.
- Entitled to preference in the distribution of dividends. After payment of such preferred dividends, the holders of such preferred shares shall be entitled to participate pro rata with holders of common shares in the remaining profits.
- Redeemable at the option of the issuer, in full or in part, within a period of ten (10) years from date of issuance, at a price to be determined by the BOD.
- If not redeemed within the period of ten (10) years, the holder shall have the option to:
  (a) Convert the preferred shares to participating preferred shares; or
  (b) Hold the redeemable preferred shares for another five (5) years, after which the holder can choose to convert to either common shares or participating preferred shares.

Redeemable preferred shares of OVI and OKEP are redeemable at the option of the issuer within a call period of ten (10) years from February 29, 2012 and March 2, 2012, respectively. Upon expiration of the redemption period, OKEP and OVI did not exercise its right to redeem the preferred shares from the Parent Company. On May 11, 2022, the Parent Company's BOD approved to hold the redeemable preferred shares for another five (5) years. On July 29, 2022, the Board of Directors of OKEP and OVI accepted the Parent Company's decision to continue to hold the preferred shares.

As at December 31, 2022 and 2021, the Group determined that there is no indication that impairment loss has occurred on its financial assets at FVOCI.

(b) Club shares

The original cost in investment in the Club Filipino Inc. de Cebu shares amounted to P0.2 million as at December 31, 2022 and 2021. No movement in the fair value gains on financial assets at FVOCI was recognized by the Group for the years ended December 31, 2022, 2021 and 2020.

Note 6 - Investments in associates and joint venture

Details of investments in associates and joint venture as at December 31 are as follows:

	2022	2021	2020
Cost			
At January 1 and December 31	653,989,443	653,989,443	653,989,443
Accumulated share in results of associates and joint venture presented in profit or loss			
At January 1	2,103,985,191	1,548,338,406	1,598,370,306
Share in net income (loss) of associates and joint venture	555,696,349	555,646,785	(50,031,900)
At December 31	2,659,681,540	2,103,985,191	1,548,338,406
Presented in other comprehensive income			
At January 1	343,019	(138,469)	51,511
Share in other comprehensive income (loss) of associates and joint venture	281,928	481,488	(189,980)
At December 31	624,947	343,019	(138,469)
	3,314,295,930	2,758,317,653	2,202,189,380

The carrying values of the Group's investments in associates and joint venture and the related percentages of ownership are shown below:

	Percentage of ownership		Carrying amount	
	2022	2021	2022	2021
Associates				
OKEP	40%	40%	261,372,537	214,710,604
OVI	40%	40%	123,769,821	95,970,703
ORDC	40%	40%	75,485,782	58,895,774
Joint venture				
SMKL	40%	40%	2,853,667,790	2,388,740,572
			3,314,295,930	2,758,317,653

The reconciliation of the associates' and joint venture's net assets multiplied by the ownership interest and the carrying amount of each investment is shown in the table below:

	Note	OKEP	OVI	ORDC	SMKL
December 31, 2022					
Net assets		710,888,843	117,116,995	13,154,052	6,781,949,698
Ownership interest		40%	40%	40%	40%
		284,355,537	46,846,799	5,261,621	2,712,779,879
Investments in redeemable preferred shares	5	(31,287,230)	(48,000,000)	-	-
Goodwill		8,304,230	124,923,022	70,224,161	140,887,911
		261,372,537	123,769,821	75,485,782	2,853,667,790
December 31, 2021					
Net assets		594,234,009	117,267,802	13,358,425	5,619,631,652
Ownership interest		40%	40%	40%	40%
		237,693,604	46,907,121	5,343,370	2,247,852,661
Investments in redeemable preferred shares	5	(31,287,230)	(48,000,000)	-	-
Goodwill		8,304,230	97,063,582	53,552,404	140,887,911
		214,710,604	95,970,703	58,895,774	2,388,740,572

The associates and joint venture were accounted for using the equity method. For the years ended December 31, 2022 and 2021, there were no dividends received from the associates and joint venture. As at December 31, 2022 and 2021, there were no quoted prices for these investments.

The associates and joint venture were all incorporated and have their principal place of business in the Philippines.

(a) Associates

(i) ORDC

ORDC is 40%-owned by the Parent Company and 60%-owned by Keppel Philippines Marine Retirement Fund (KPMRF). Majority of the BOD members of ORDC represent KPMRF who are independent of the Parent Company and act in the interest of KPMRF. As such, the Group has determined that it does not have control over ORDC.

(ii) OVI

OVI is 40%-owned by the Parent Company and 60%-owned by ORDC. As with ORDC above, the Group has determined that it does not have control over OVI in its operating and financing policies and capital decisions.

(iii) OKEP

OKEP is 40%-owned by the Parent Company and 60%-owned by OVI. As with ORDC above, the Group has determined that it does not have control over OKEP in its operating and financing policies and capital decisions.

The primary purpose of ORDC, OVI and OKEP is to acquire by purchase, lease, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds.

Significant financial information of the associates follows:

(In millions)	OKEP	OVI	ORDC
December 31, 2022			
Current assets	36.9	0.4	3.7
Non-current assets	678.3	119.8	82.0
Total assets	715.2	120.2	85.7
Current liabilities	4.3	3.1	72.5
Net assets	710.9	117.1	13.2
Gross income	116.8	-	-
Net income (loss) for the year	116.5	(0.2)	(0.2)
Other comprehensive income	0.1	-	-
Total comprehensive income (loss) for the year	116.6	(0.2)	(0.2)
December 31, 2021			
Current assets	36.4	0.4	3.7
Non-current assets	562.0	119.8	81.9
Total assets	598.4	120.2	85.6
Current liabilities	4.2	2.9	72.2
Net assets	594.2	117.3	13.4
Gross income	116.0	-	-
Net income (loss) for the year	115.8	(0.2)	(0.2)
Other comprehensive income	0.1	-	-
Total comprehensive income (loss) for the year	115.9	(0.2)	(0.2)

(b) Joint venture - SMKL

SMKL's primary business activity is to operate and maintain office and shopping center spaces for rent, carpark operations and cinema ticket sales. SMKL is involved in a mixed-use development comprising of retail spaces in "The Podium Mall" and office spaces in "The Podium West Tower" which are located in Ortigas Center, Mandaluyong City.

The significant financial information of SMKL as at and for the years ended December 31, 2022 and 2021 is summarized in the table below.

	SMKL	
(In millions)	2022	2021
Current assets	1,938.4	2,047.3
Cash and cash equivalents	609.1	586.1
Non-current assets	15,606.2	14,694.7
Investment properties	15,550.0	14,635.2
Current liabilities	1,440.1	1,862.7
Non-current liabilities	9,322.5	9,259.7
Net assets	6,782.0	5,619.6
Gross income	2,543.5	2,101.6
Interest income	3.5	2.0
Depreciation and amortization	(12.1)	(14.1)
Interest expense	(330.3)	(272.1)
Income tax expense	(386.8)	(214.7)
Net income for the year	1,161.7	1,158.5
Other comprehensive income	0.6	1.0
Total comprehensive income for the year	1,162.3	1,159.5

As at December 31, 2022 and 2021, the Group determined that there is no indication that impairment loss has occurred on its investments in associates and a joint venture.

Note 7 - Right-of-use asset, net and lease liabilities

The Group has the following operating lease contracts:

(a) Long-term lease agreements

(i) Office space

The Parent Company entered into an operating lease agreement for its office space located in The Podium West Tower. The lease term covers a period of three (3) years from May 15, 2019 to May 14, 2022 and is renewable subject to the terms and conditions to be mutually agreed upon by both parties. Upon the lease expiration on May 14, 2022, the agreement was renewed for another three (3) years until May 14, 2025. Based on the renewed contract terms, the monthly base rental will be subject to an increase of three percent (3%) per annum on the first annual anniversary of the commencement date and every annual anniversary thereof (previously, five percent (5%)).

The contract for the office space contains both lease and non-lease components. The Parent Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(ii) Parking space

The Parent Company entered into an operating lease agreement for its parking space located in The Podium West Tower. The lease term started on January 1, 2020 and expired on May 14, 2022.

Total rent expense for the parking space charged to operations amounted to P16.5 thousand in 2022 (2021 - P70.6 thousand; 2020 - P64.3 thousand). This rent expense is presented as part of "Rentals" in the "General and administrative expenses" (Note 12).

(b) Short-term lease agreements

The Parent Company also entered into operating lease agreements for its officers' housing. These agreements will expire in various dates in 2022. Total rent expense charged to operations, that is presented as part of "Salaries, wages and employee benefits" in the "General and administrative expenses" (Note 12), amounted to P1.5 million in 2022 (2021 - P2.9 million; 2020 - P3.4 million).

These lease agreements were considered as short-term and low value lease under PFRS 16, "*Leases*" as the lease term is less than 12 months.

Refundable deposits for long-term and short-term leases are presented in the statements of financial position as at December 31 as follows:

	2022	2021
Prepayments and other current assets	-	2,055,998
Refundable deposits - leases	523,458	53,300
	523,458	2,109,298

The lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The carrying amount of the right-of-use asset as at December 31 is as follows:

	Note	2022	2021	2020
Cost				
At January 1		14,649,459	14,649,459	14,649,459
Additions		15,756,013	-	-
At December 31		30,405,472	14,649,459	14,649,459
Accumulated amortization				
At January 1		13,021,742	8,138,588	3,191,597
Amortization	12	5,129,053	4,883,154	4,946,991
At December 31		18,150,795	13,021,742	8,138,588
		12,254,677	1,627,717	6,510,871

Movements in the lease liabilities for the years ended December 31 are as follows:

	2022	2021	2020
Lease liabilities			
At January 1	468,943	5,777,076	10,493,736
Additions	15,756,013	-	-
Principal payments	(4,187,530)	(5,308,133)	(4,716,660)
Interest payments	(422,104)	(265,850)	(591,874)
Interest expense	422,104	265,850	591,874
At December 31	12,037,426	468,943	5,777,076
Lease liabilities			
Current	5,589,372	468,943	5,308,133
Non-current	6,448,054	-	468,943
	12,037,426	468,943	5,777,076

Discount rate

The lease payments for office space are discounted using the Parent Company's incremental borrowing rate, being the rate that the Parent Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions is at 5.27% in 2022 (2022 and 2021 - 7.80%).

Extension and termination options

The extension and termination options are not included in the lease term of office space and officers' housing. These options are exercisable only upon mutual agreement of the Parent Company and the lessor.

Note 8 - Property and equipment, net

Details of property and equipment, net as at and for the years ended December 31 are as follows:

	Note	Office equipment	Furniture and fixtures	Leasehold improvements	Total
Cost					
At January 1, 2021		4,206,824	1,470,618	11,542,143	17,219,585
Additions		215,698	-	-	215,698
At December 31, 2021		4,422,522	1,470,618	11,542,143	17,435,283
Additions		111,965	-	-	111,965
Disposals		(163,311)	-	-	(163,311)
At December 31, 2022		4,371,176	1,470,618	11,542,143	17,383,937
Accumulated depreciation					
At January 1, 2021		3,099,125	899,637	6,412,302	10,411,064
Depreciation	12	847,809	132,624	3,847,381	4,827,814
At December 31, 2021		3,946,934	1,032,261	10,259,683	15,238,878
Depreciation	12	397,028	142,743	1,282,460	1,822,231
Disposals		(163,311)	-	-	(163,311)
At December 31, 2022		4,180,651	1,175,004	11,542,143	16,897,798
Net carrying amount					
At December 31, 2021		475,588	438,357	1,282,460	2,196,405
At December 31, 2022		190,525	295,614	-	486,139

Unpaid additions to property and equipment amounted to P0.1 million as at December 31, 2021. There were no unpaid additions as at December 31, 2022.

The cost of fully depreciated assets that are still in use in the Group's operations amounts to P16.4 million and P2.6 million as at December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group's management has assessed that there is no objective evidence that indicators of impairment exist.

Note 9 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	2022	2021
Accrued expenses	7,280,997	7,448,843
Deferred output VAT, net	1,365,877	-
Taxes payable	953,536	13,214,409
Dividends payable	553,981	553,981
Accounts payable	503,802	393,939
Output VAT, net	488,653	-
	11,146,846	21,611,172

Accrued expenses mainly pertain to accruals on salaries and other employee benefits and other operating expenses which are to be settled within 30 to 60 days.

In 2022, 2021 and 2020, a portion of the bonus and other employee benefits accrued and other accruals in prior years amounting to P1.8 million, P0.3 million and P7.0 million, respectively, were reversed (Note 13). These amounts pertain to the outstanding accrual made over the actual amount paid to settle the liabilities.

Output VAT balance pertains to the excess of output VAT over input VAT as at December 31, 2022. Deferred output VAT pertains to VAT on uncollected income, net of deferred input VAT as at December 31, 2022.

Taxes payable pertains to the amount withheld for transactions subject to withholding tax which are to be remitted the following month after the reporting date.

Dividends payable pertain to amounts declared when the Parent Company's name was still Cebu Shipyard and Engineering Works, Inc. and which as at December 31, 2022 and 2021, have not been claimed by the respective shareholders.

Accounts payable represent payables to suppliers and are normally settled within 30 to 60 days.

Note 10 - Equity

(a) Share capital and treasury shares

Share capital as at December 31, 2022 and 2021 consist of:

	Number of shares	Amount
Common shares - P1 par value		
Authorized	375,000,000	
Issued	296,629,900	296,629,900
Preferred shares - P1 par value		
Authorized	135,700,000	
Issued	59,474,100	59,474,100
		356,104,000
Treasury shares	2,801,000	(2,667,645)
		353,436,355

Preferred shares, which were issued on November 11, 2003 at a price of P10 per share, are redeemable in full or in part at the option of the Parent Company, within a call period of seven (7) years from May 31, 2011, the date of approval of the SEC. On April 5, 2019, the SEC approved the extension of the redemption period for another five (5) years. The redemption price will be equivalent to the issue price with an annual premium to be approved by the BOD. The fairness of the annual premium rate must be confirmed by an independent financial advisor. No preferred shares have been redeemed during 2022 and 2021.

Preferred shareholders have preference over common shareholders with respect to the distribution of assets upon dissolution but not with respect to the payment of dividends.

Preferred shareholders are not entitled to dividends. Moreover, no voting right is vested on the preferred shareholders, except for the cases provided for under Section 6, Paragraph 6 of the Corporation Code of the Philippines.

(b) Share premium

The details of share premium presented in the consolidated statements of financial position and consolidated statements of changes in equity as at December 31, 2022 and 2021 are as follows:

Common shares	67,618,617
Preferred shares	535,266,900
	602,885,517

(c) Retained earnings

As at December 31, 2022, total retained earnings of the Group amounted toP2,512.9 million (2021 - P1,970.7 million). The portion of retained earnings corresponding to the undistributed share in results of associates and joint venture amounted to P2,659.7 million as at December 31, 2022 (2021 - P2,104.0 million; 2020 - P1,548.3 million) (Note 6). These amounts are not available for distribution as dividends until declared by the associates and joint venture. Retained earnings are further restricted to the extent of P2.7 million representing the cost of shares held in treasury as at December 31, 2022, 2021 and 2020.

(d) Other reserves

Other reserves pertain to items of other comprehensive income that will not be reclassified to profit or loss. These include actuarial gain on defined benefit plan, net of tax, amounting to P1.1 million as at December 31, 2022 (2021 - P1.1 million; 2020 - P0.5 million) (Note 16) and share in actuarial gain of an associate and a joint venture amounting to P0.6 million as at December 31, 2022 (2021 - P0.3 million; 2020 - negative P0.1 million) (Note 6).

(e) Track record of registration of securities

In accordance with SRC Rule 68, as amended in 2019, Annex 68-K, below is a summary of the Parent Company's track record of registration of securities.

				Number of holders of securities as at December 31		
	Issue/ offer price	Date of approval	Number of shares registered	2022	2021	2020
Common	P1	September 11, 1989	293,828,900	1,218	1,241	1,242

Note 11 - Related party disclosures

In the normal course of business, the Parent Company transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*. The significant related party transactions and outstanding balances as at and for the years ended December 31 are as follows:

	Transactions			Outstanding receivable (payable)		
Related party	2022	2021	2020	2022	2021	Terms and conditions
Due from related parties						
Immediate parent company						
KLL						
Legal fees (a)	239,096	208,186	-	-	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Associates						
OKEP						
Operating advances (b)	174,435	182,467	206,711	4,243,171	4,068,736	Non-interest-bearing, unsecured, collectible in cash upon demand
OVI						
Operating advances (b)	174,381	192,118	304,341	2,988,950	2,814,569	Non-interest-bearing, unsecured, collectible in cash upon demand
ORDC						
Operating advances (b)	230,375	216,622	243,003	301,663	71,288	Non-interest-bearing, unsecured, collectible in cash upon demand
Joint venture						
SMKL						
Operating advances (b)	6,318,518	6,023,568	4,449,975	614,858	2,272,071	Non-interest-bearing, unsecured, collectible in cash upon demand
Affiliates						
Keppel Philippine Holdings, Inc.						
Operating advances (b)	50,892	-	-	50,892	-	Non-interest-bearing, unsecured, collectible in cash upon demand
Kepwealth, Inc.						
Operating advances (b)	47,870	-	-	47,870	-	Non-interest-bearing, unsecured, collectible in cash upon demand
Kepventures, Inc.						
Operating advances (b)	47,870	-	-	47,870	-	Non-interest-bearing, unsecured, collectible in cash upon demand
				8,295,274	9,226,664	
Receivables						
Joint venture						
SMKL						
Management fee (c)	29,151,376	19,053,945	11,039,403	6,085,794	6,100,094	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Franchise fee (c)	11,660,551	7,621,578	4,415,761	2,301,366	2,700,509	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
	40,811,927	26,675,523	15,455,164	8,387,160	8,800,603	

	Transactions			Outstanding receivable (payable)		
Related party	2022	2021	2020	2022	2021	Terms and conditions
Entities under common control						
KLL						
Tax credit (e)	21,420,000	-	-	(21,420,000)	-	Non-interest-bearing, unsecured, payable in cash upon demand
KL(RI)						
Operating advances (f)	6,431,085	724,471	3,601,073	(1,992,776)	(680,456)	Non-interest-bearing, unsecured, payable in cash upon demand
KL(IM)						
Operating advances (f)	-	-	122,655	-	-	
SMPM						
Management fee (g)	7,108,055	8,072,149	5,987,027	-	(23,319,513)	Non-interest-bearing, unsecured, payable in cash upon demand
				(23,412,776)	(23,999,969)	
Joint venture						
Lease liabilities						
SMKL						
Rentals (h)	4,609,634	5,573,983	5,308,534	(12,037,426)	(468,943)	Non-interest-bearing, unsecured, 30-to-60 days, payable in cash
Other income (Note 13)	3,154,491	3,100,937	2,996,753	-	-	Non-interest-bearing, unsecured, 30-to-60 days, collectible in cash
Shareholders						
Dividends payable						
Cash dividends (Note 9)	-	-	-	(553,981)	(553,981)	Outstanding balance is payable in cash on pay-out date as approved by the Company's BOD, non-interest bearing and unsecured.
Key management personnel						
Salaries and other short-term employee benefits	17,330,363	19,362,669	25,413,383	-	-	Outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured.
Bonuses and allowances	3,480,989	5,561,567	5,438,218	-	-	
Retirement benefit expense (Note 12, 16)	263,744	335,353	325,635	-	-	
Retirement fund transactions						
Contribution to the retirement fund	-	-	130,002	-	-	Refer to Note 16 – Retirement benefits

(a) In 2022 and 2021, the Parent Company charged KLL for the amount paid on their behalf for legal fees amounting to P0.2 million for each year (2020 - nil).

(b) The Parent Company made operating advances for expenses incurred by associates, joint venture and affiliates in 2022 and 2021. These operating advances represents expenses incurred in the normal operations paid on behalf of the Group's associates, joint ventures and associates. These are recharged at cost.

(c) The Parent Company provides management, advisory and consultancy services to SMKL. The amount of management fees to SMKL amounted to P29.2 million in 2022 (2021 - P19.1 million; 2020 - P11.0 million). The amount of franchise fees charged amounted to P11.7 million in 2022 (2021 - P7.6 million; 2020 - P4.4 million). Management fee is charged at 2.5% of annual net revenues of SMKL and franchise fee is charged at 1.0% of net revenues of SMKL. Outstanding receivables from SMKL for management and franchise fees amounted to P8.4 million as at December 31, 2022 (2021 - P8.8 million) (Note 3).

(d) In 2021, the Parent Company and OKEP has agreed to apply the Parent Company's P40.3 million due to OKEP against its due from OKEP. This is considered a non-cash transaction.

(e) In 2010, the Parent Company redeemed its preference shares from KLL in which final withholding tax amounting to P21.4 million was withheld and remitted to the BIR. In May 2022, the BIR has issued a tax credit certificate and as a result, the Parent Company recognized the amount as tax credit (Note 4) and due to KLL.

(f) Keppel Land (Regional Investments) Pte. Ltd. (KL(RI)) and Keppel Land International (Management) Pte. Ltd. KL(IM), entities under common control, provide support services to the Group. These are recharged at cost.

(g) Straits Mansfield Property Marketing, Pte., Ltd. (SMPM), an entity under common control, provides consultancy, advisory and support services to the Parent Company and SMKL. Consultancy fees charged by SMPM, which is based on the time spent by SMPM personnel in rendering service to the Parent Company, amounted to P7.1 million in 2022 (2021 - P8.1 million; 2020 - P6.0 million) (Note 12).

(h) The Parent Company has an existing operating lease agreement with SMKL for its office space located in The Podium West Tower. Total payments related to this lease agreement amounted to P4.6 million in 2022 (2021 - P5.6 million; 2020 - P5.3 million) (Note 7).

(i) There were neither share-based compensation, termination benefits nor other long-term benefits given to key management personnel as at and for the years ended December 31, 2022, 2021 and 2020.

    There were no outstanding balances with key management personnel as at December 31, 2022 and 2021.

(j) In 2020, contribution amounting to P0.1 million was made to the retirement fund while no contributions was made for years 2022 and 2021.

Details of related party transactions and balances eliminated during consolidation are as follows:

Subsidiary	Transactions 2022	Transactions 2021	Transactions 2020	Outstanding balance 2022	Outstanding balance 2021	Terms and conditions
Due from subsidiaries						
BHI	185,610	216,622	278,968	268,197	82,587	Non-interest-bearing, unsecured, collectible in cash upon demand
CSRI	206,803	153,095	229,397	235,143	28,340	Non-interest-bearing, unsecured, collectible in cash upon demand
				503,340	110,927	
Due to a subsidiary						
BHI	-	-	-	-	(59,701,493)	Non-interest-bearing, unsecured, payable on demand

The Group shall at all times observe and adhere with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the BOD, substantial stockholders and management shall disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. Materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements.

The material related party transactions shall be approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In the case that the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the Parent Company.

For each of the three years in the period ended December 31, 2022, 2021 and 2020, the Group has not made any provisions for doubtful accounts relating to amounts owed by related parties because of strong financial condition of concerned related parties. This assessment is undertaken each financial year through examination of the financial position of each related party and the market in which each operates.

Note 12 - General and administrative expenses

General and administrative expenses for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Salaries, wages and employee benefits		25,993,920	30,524,020	35,607,930
Management consultancy fee	11	7,108,055	8,072,149	5,987,027
Depreciation and amortization	7, 8	6,951,284	9,710,968	9,846,245
Professional fees		3,575,379	3,585,272	3,235,607
Repairs and maintenance		2,549,831	640,922	423,192
Utilities		1,918,225	1,685,866	803,156
Membership and dues		1,676,501	1,632,611	947,972
Transportation and travel		1,399,732	272,428	373,709
Insurance		810,088	653,250	759,780
Rentals		386,922	392,042	414,362
Bank and other charges		362,737	36,462	90,207
Staff recreation and others		340,487	35,728	44,974
Taxes and licenses		331,339	312,711	91,812
Retirement benefit expense	11, 16	299,333	364,806	354,234
Postage, printing and advertising		251,840	161,436	225,262
Supplies		68,178	89,788	81,877
Others		658,416	968,734	1,495,458
		54,682,267	59,139,193	60,782,804

Other expenses consist of storage costs, photocopy charges and notarial fees, among others.

Note 13 - Other income, net

Other income, net for the years ended December 31 consist of:

	Notes	2022	2021	2020
Gain on reversal of liabilities	9	1,784,328	310,975	6,986,370
Interest income from staff loan		2,800	9,943	6,488
Gain on sale of property and equipment		2,300	-	-
Interest expense on lease liabilities	7	(422,104)	(265,850)	(591,874)
Foreign exchange gains (losses), net	18.1a	(4,883,620)	(392,073)	25,514
Others		5,662,578	4,897,233	3,073,910
		2,146,282	4,560,228	9,500,408

Other income mainly represents recovery of rentals from SMKL for the shared use of office space (Note 11).

Note 14 - Income taxes

The details of the income tax expense for the years ended December 31 are as follows:

	2022	2021	2020
Current	2,859,359	1,848,143	1,496,042
Deferred	(325,126)	545,837	1,586,032
	2,534,233	2,393,980	3,082,074

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On March 26, 2021, Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises or CREATE Act, was signed into law. The CREATE Act took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. Among the salient provisions of CREATE include changes to the corporate income tax as follows:

- lowering of regular corporate income tax (RCIT) rate to 20% from 30% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) from July 1, 2020;
- lowering of RCIT to 25% from 30% for all other domestic and foreign corporations from July 1, 2020; and
- for the period beginning July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) rate shall be 1%, instead of 2%.
- Improperly accumulated earnings tax is repealed

PAS 12, Income Taxes, requires current and deferred taxes to be measured with reference to the tax rates and laws, as enacted or substantively enacted by the end of the reporting period. Meanwhile, PAS 10, Events after the Reporting Period, identifies the enactment or announcement of a change in tax rates and laws after the end of the reporting period as an example of a non-adjusting event.

As at December 31, 2020, the CREATE Act was not considered as substantively enacted for financial reporting purposes. As such, the Group utilized the RCIT rate of 30%. For the year ended December 31, 2021, the CREATE ACT is considered substantially enacted for financial reporting purposes. As such, the Group utilized the RCIT rate of 20% - 25% or MCIT rate of 1%, for both financial and tax reporting purposes, whichever is applicable.

The reconciliation between the statutory income tax expense (benefit) and the effective income tax expense is as follows:

	2022	2021	2020
Statutory income tax expense (benefit)	136,157,608	132,055,266	(25,335,038)
Add (deduct) tax effects of:			
Change in unrecognized deferred income tax assets on net operating loss carryover (NOLCO) and excess MCIT	6,269,822	9,586,970	12,968,497
Final tax on interest income and franchise fee	2,477,921	1,713,832	1,212,608
Non-deductible expenses	250	21,505	1,091,809
Change in tax rate from adoption of CREATE	-	(11,710)	-
Income subjected to final tax	(146,329)	(77,049)	(534,821)
Non-taxable income	(3,300,952)	(1,983,138)	(1,330,551)
Share in results of associates and joint venture	(138,924,087)	(138,911,696)	15,009,570
Effective income tax expense	2,534,233	2,393,980	3,082,074

(a) Current income tax

The details of the current income tax expense for the years ended December 31 are as follows:

	2022	2021	2020
Final tax	2,477,921	1,713,832	1,212,609
MCIT	381,438	134,311	283,433
	2,859,359	1,848,143	1,496,042

(b) Deferred income tax

The components of deferred income tax assets, net as at December 31 are as follows:

	2022	2021
Deferred income tax assets		
Accrued expenses	528,371	420,247
Unrealized foreign exchange loss, net	-	93,213
	528,371	513,460
Deferred income tax liabilities		
Retirement benefit asset	(60,929)	(289,694)
Right-of-use asset and lease liabilities, net	(54,313)	(133,776)
	(115,242)	(423,470)
Deferred income tax assets, net	413,129	89,990

Deferred income tax assets (liabilities) as at December 31 are expected to be realized (settled) as follows:

	2022	2021
Deferred income tax assets:		
Expected to be realized within 12 months	528,371	513,460
Deferred income tax liabilities:		
Expected to be settled within 12 months	(54,313)	(133,776)
Expected to be settled after 12 months	(60,929)	(289,694)
	(115,242)	(423,470)
Deferred income tax assets, net	413,129	89,990

Movements in net deferred income tax assets for the years ended December 31 are as follows:

	Note	2022	2021
At January 1		89,990	753,352
Charged to profit or loss		325,126	(545,837)
Charged to other comprehensive income	16	(1,987)	(117,525)
At December 31		413,129	89,990

Deferred income tax assets for NOLCO and excess MCIT were not recognized since Management believes that future taxable profit will not be available within the NOLCO and MCIT period against which these carry-forward benefits can be applied.

Each entity in the Group is entitled to NOLCO benefit which can be applied to an entity's taxable income for three succeeding years from the year the loss was incurred. Pursuant to RR No. 25-2020, Section 4 of Republic Act No. 11494 (Bayanihan to Recover as One Act), the Group is allowed to carry over the net operating loss incurred for taxable years 2020 and 2021 as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In compliance with the Tax Reform Act of 1997, the Group is required to pay the MCIT or the normal income tax, whichever is higher. The MCIT can be carried forward on an annual basis and credited against normal income tax payable within three (3) immediately succeeding years from the period when the MCIT was paid.

Note 15 - Earnings (loss) per share

Earnings (loss) per share for the years ended December 31 was determined as follows:

	2022	2021	2020
Net income (loss)	542,167,107	525,659,664	(87,532,201)
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900	293,828,900
Basic and diluted income (loss) per share	1.85	1.79	(0.30)

The Group has no potential shares that will have a dilutive effect on income (loss) per share.

The weighted average number of shares outstanding as at December 31, 2022, 2021 and 2020 is computed as follows:

Issued shares	296,629,900
Less: Treasury shares	(2,801,000)
Weighted average number of shares outstanding	293,828,900

Note 16 - Retirement benefits

The Parent Company has a funded, non-contributory defined benefit retirement plan, administered by BDO Unibank, Inc.-Trust and Investment Group (Trustee), covering its regular employees. The Parent Company is under the KPPI Multi-employer Retirement Plan. The Parent Company, together with the companies under the plan, contributes to the trust fund amounts as may be required as estimated by an independent actuary, on the basic accepted actuarial principles, to maintain the plan in a sound condition. The companies also reserve the right, whenever economic conditions may warrant, to discontinue or suspend its contributions to the trust fund. Further, the Parent Company is not liable to the plan for other companies' obligations under the terms and conditions of the multi-employer plan. In case of termination of the plan, the liability of the Parent Company to make contributions shall cease and the trust fund shall be allocated pro-rata to the employees.

Republic Act 7641, The New Retirement Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. The law does not require minimum funding of the plan. The latest actuarial valuation date of the Parent Company's retirement plan is as of December 31, 2022.

The components of retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2022	2021	2020
Current service cost	327,265	375,647	373,280
Net interest income	(27,932)	(10,841)	(19,046)
	299,333	364,806	354,234

The remeasurements recognized in other comprehensive income (loss) for the years ended December 31 are determined as follows:

	2022	2021	2020
Remeasurements on defined benefit obligation	200,836	705,430	99,635
Remeasurements on plan assets	(192,890)	(79,981)	39,024
Remeasurement gain	7,946	625,449	138,659
Effect of changes in the corporate income tax rate	-	38,837	-
Deferred income tax expense	(1,987)	(156,362)	(41,598)
Remeasurement gain, net of tax	5,959	507,924	97,061

The cumulative remeasurements recognized in other comprehensive income (loss) for the years ended December 31 are determined as follows:

	2022	2021	2020
At January 1, net of tax	1,051,642	543,718	446,657
Remeasurement gain from defined benefits	7,946	625,449	138,659
Deferred income tax expense	(1,987)	(117,525)	(41,598)
	5,959	507,924	97,061
At December 31, net of tax	1,057,601	1,051,642	543,718

Changes in the net retirement benefit asset recognized in the statement of financial position for the years ended December 31 are as follows:

	2022	2021
At January 1	535,102	274,459
Retirement benefit expense recognized in profit or loss	(299,333)	(364,806)
Remeasurements recognized in other comprehensive income (loss)		
Changes in financial assumptions	228,269	99,540
Deviations of experience from assumptions	(27,433)	605,890
Loss on plan assets	(192,890)	(79,981)
At December 31	243,715	535,102

(a) Defined benefit obligation

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
At January 1	1,886,051	2,131,634
Current service cost included in net retirement benefit expense	327,265	375,647
Interest cost included in net retirement benefit expense	98,452	84,200
Remeasurements in other comprehensive income (loss):		
Actuarial loss (gain) on obligation resulting from:		
Changes in financial assumptions	(228,269)	(99,540)
Deviations of experience from assumptions	27,433	(605,890)
At December 31	2,110,932	1,886,051

At December 31, 2022, the average duration of the defined benefit obligation is 22 years.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2022	2021
Less than 10 years	3,128,421	896,730
More than 10 years to 15 years	3,252,978	5,467,954
More than 15 years to 20 years	-	-
More than 20 years	29,445,420	28,634,768
	35,826,819	34,999,452

(b) Plan assets

The major categories of plan assets as at December 31 are as follows:

	2022	2021
Cash	2,154	732
Government securities	766,035	490,229
Investment in unit investments in trust funds (UITF)	1,577,255	1,928,000
Receivables	10,367	2,931
Trust fee payable	(1,164)	(739)
	2,354,647	2,421,153

The funds are administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the trustee. These funds are subject to the investment objectives and guidelines established by the trustee and rules and regulations issued by Bangko Sentral ng Pilipinas (BSP) covering assets under trust and fiduciary agreements. The trustee is responsible for the investment strategy of the plan.

Investments in government securities, UITF and other securities and debt instruments held have quoted prices in active markets. The plan assets have diverse investments and do not have any concentration risk.

The asset allocation of the plan is set and reviewed from time to time by the BOT taking into account the membership profile and liquidity requirements of the plan. This also considers the expected benefit cash flows to be matched with asset durations.

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2022	2021
At January 1	2,421,153	2,406,093
Interest income included in net retirement benefit expense	126,384	95,041
Remeasurements in other comprehensive loss:		
Loss on plan assets	(192,890)	(79,981)
At December 31	2,354,647	2,421,153

There are no plan assets invested in related parties of the Parent Company as at and for the years ended December 31, 2022 and 2021. The Parent Company's transactions with the retirement fund are limited to contributions. The fair value of the plan assets approximates their carrying amount as at December 31, 2022 and 2021.

The Parent Company's annual contribution to the fund consists principally of payments which covers the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable. The Parent Company does not expect to contribute to the retirement fund in 2022.

There was no plan amendment, curtailment, or settlement for the years ended December 31, 2022 and 2021.

(c) Actuarial assumptions

The principal assumptions used in determining the Parent Company's retirement obligation as at December 31 are shown below:

	2022	2021
Discount rate	7.71%	5.22%
Future salary increase rate	5.00%	5.00%

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the retirement obligation as at December 31:

	Rates		Increase (Decrease)	
	2022	2021	2022	2021
Discount rate	+1.0%	+1.0%	(64,480)	(62,563)
	-1.0%	-1.0%	78,158	76,180
Salary increase rate	+1.0%	+1.0%	76,763	73,226
	-1.0%	-1.0%	(64,405)	(61,415)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Note 17 - Segment information

The Group has only one segment as it derives its income primarily from management consultancy services rendered to its associates.

Significant information on the reportable segment is as follows:

	2022	2021
Operating assets	3,517,474,841	2,974,502,883
Operating liabilities	46,597,048	46,080,084
Gross income	597,237,325	582,632,609
Other income, net	2,146,282	4,560,228
General and administrative expenses	54,682,267	59,139,193
Segment net income	542,167,107	525,659,664

All income are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, Operating Segments.

The Parent Company earned income of more than 10% of the total gross income from a single customer, SMKL, amounting to P40.8 million (2021 - P26.7 million).

There is no need to present reconciliation since the Group's operating assets, operating liabilities, gross income, other income, net, general and administrative expenses and segment net income pertains to a single operating segment.

Note 18 - Financial risk and capital management

18.1 Financial risk management

The Group's principal financial assets and financial liabilities comprise cash and cash equivalents, financial assets at FVOCI, amounts due to and from related parties and refundable deposits. The Group has various other financial assets and financial liabilities such as receivables, accounts payable and other current liabilities and lease liabilities, which arise from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks as summarized below.

(a) Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency arises from consultancy fees due to SMPM and payables to KL(RI) and KLI(M).

The Group's foreign currency-denominated monetary liabilities as at December 31 are as follow:

	In SGD	
	2022	2021
Due to related parties	48,427	650,406
Year-end exchange rate	41.15	36.90
PHP equivalent	1,992,776	23,999,969

Net foreign exchange gains (losses) for the years ended December 31 are as follows:

	Note	2022	2021	2020
Unrealized		-	(372,850)	61,186
Realized		(4,883,620)	(19,223)	(35,672)
	13	(4,883,620)	(392,073)	25,514

The Group manages its foreign currency exposure risk by matching receipts and payments in each individual currency. Foreign currency is converted into relevant domestic currency as and when the management deems necessary.

The following table demonstrates the sensitivity to a reasonably possible change of 11.52% and 1.93% in 2022 and 2021 in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before tax. There is no impact on the Group's equity other than those already affecting the net income.

	Net income before tax increase (decrease)	Net loss before tax increase (decrease)
	2022	2021
PHP against SGD		
- strengthened	229,568	463,199
- weakened	(229,568)	(463,199)

In 2022 and 2021, the Group used the average change in closing rates for the year in determining the reasonable possible change in foreign exchange rates.

(b) Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation at the time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, receivables, amounts due from related parties and refundable deposits. As at December 31, 2022 and 2021, the carrying values of the Group's financial instruments represent maximum exposure to credit risk at reporting date.

There are no financial assets and liabilities that are offset and reported as net amount in the consolidated statement of financial position. There were no amounts subject to an enforceable master netting arrangement or similar agreement as at December 31, 2022 and 2021.

The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk. The Group's due from related parties are approximately 96% of total receivables as at December 31, 2022 (2021 - 97%).

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days or when they fall due.

Below is the Group's financial assets classified under three categories which reflect their credit risk as at December 31:

		Stage 1 - Performing	Stage 2 - Under-performing	Stage 3 - Non-performing	Total
2022					
Cash and cash equivalents*	(i)	39,644,571	-	-	39,644,571
Receivables**	(ii)	8,438,637	-	2,666,664	11,105,301
Due from related parties	(ii)	8,295,274	-	-	8,295,274
Refundable deposits***	(iii)	617,218	-	-	617,218
		56,995,700	-	2,666,664	59,662,364
2021					
Cash and cash equivalents*	(i)	83,958,954	-	-	83,958,954
Receivables**	(ii)	9,318,794	-	2,666,664	11,985,458
Due from related parties	(ii)	9,226,664	-	-	9,226,664
Refundable deposits***	(iii)	1,745,391	-	-	1,745,391
		104,249,803	-	2,666,664	106,916,467

**Cash and cash equivalents exclude cash on hand.*
***Receivables exclude withholding tax receivables presented within others amounting to P0.6 million in 2022 (2021 - P0.4 million)*
****Refundable deposits include the current portion of refundable deposits presented under prepayments and other current assets amounting to P0.1 million in 2022 (2021 - P1.7 million).*

The above assets were classified by the Group based on changes in credit quality under three-stage model for impairment. Stage 1 pertains to assets of the Group that is not credit-impaired on initial recognition. Stage 2 pertains to assets of the Group with significant increase in credit risk but not yet deemed to be credit-impaired. Financial assets that are credit-impaired are classified under to Stage 3.

The Group applies PFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables presented under receivables and due from related parties. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance as at December 31 was determined as follows:

	Stage 1 - Performing	Stage 2 - Under-performing	Stage 3 - Non-performing	Total
2022				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	9,108,585	-	2,666,664	11,775,249
Loss allowance	-	-	2,666,664	2,666,664
Expected loss rate	0.00%	0.00%	0.00%	
Due from related parties	8,295,274	-	-	8,295,274
Loss allowance	-	-	-	-
2021				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	9,362,549	-	2,666,664	12,029,213
Loss allowance	-	-	2,666,664	2,666,664
Expected loss rate	0.00%	0.00%	0.00%	
Receivables	9,226,664	-	-	9,226,664
Loss allowance	-	-	-	-

The Group's receivable amounting to P2.7 million as at December 31, 2022 and 2021 is determined to be impaired and was provided with allowance for doubtful accounts in 2017.

(i) Cash in banks

The Group has policies that limit the amount of credit exposure with financial institutions. The Group also maintains its deposits with reputable banks and financial institutions. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System. All cash in banks of the Group are with universal banks as at December 31, 2022 and 2021.

The remaining cash in the consolidated statement of financial position pertains to cash on hand which is not subject to credit risk.

(ii) Receivables

Receivables from related parties

The credit exposure of the Group on receivables from related parties is considered to be low as these parties have no history of default and have a strong credit history. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts.

The maximum credit risk exposure is equal to the carrying amount as at December 31, 2022 and 2021.

Receivables from third parties

The credit quality of receivables that are neither past due nor impaired and impaired can be assessed by reference to historical information about counterparty default rates.

None of the financial assets that are fully performing has been renegotiated in the last year.

(iii) Refundable deposits

Refundable deposits consist primarily of amounts related to the Group's lease agreements. Refundable deposits are reported at their carrying amounts which are assumed to approximate their fair values. There is no significant credit exposure on refundable deposits since these are recoverable at the end of the lease term (Note 7).

(c) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and short-term deposits. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	More than 3 months to 1 year	More than one year	Total
December 31, 2022					
Accounts payable and other current liabilities*	553,981	7,784,799	-	-	8,338,780
Due to related parties	23,412,776	-	-	-	23,412,776
Lease liabilities**	-	1,369,944	4,219,428	7,210,425	12,799,797
	23,966,757	9,154,743	4,219,428	7,210,425	44,551,353
December 31, 2021					
Accounts payable and other current liabilities*	553,981	7,842,782	-	-	8,396,763
Due to related parties	23,999,969	-	-	-	23,999,969
Lease liabilities**	-	471,991	-	-	471,991
	24,553,950	8,314,773	-	-	32,868,723

**Accounts payable and other current liabilities exclude taxes payable and current and deferred output VAT .*
***Lease liabilities includes future interest payments.*

18.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using percentage of debt to equity, which is total liabilities divided by total equity net of treasury shares. The Group's policy is to maintain the percentage of debt-to-equity ratio below 100%. The Group includes, within total debt, accounts payable and other current liabilities, amounts due to related parties and lease liabilities.

The Group's objective is to ensure that there are no known events that may trigger direct or contingent financial obligation that is material to the Group, including default or acceleration of an obligation.

There are no changes in the Group's objectives, policies and processes for managing capital from the previous period.

The percentages of debt to equity as at December 31, 2022 and 2021 are as follows:

	2022	2021
Liabilities	46,597,048	46,080,084
Equity	3,470,877,793	2,928,422,799
Percentage of debt-to-equity	1.34%	1.57%

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

18.3 Fair value estimation

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as at December 31, 2022 and 2021, except for financial assets at FVOCI.

The financial assets pertaining to investment in preferred equity shares and unquoted club shares are valued at FVOCI. These investments are carried at fair value. Based on the Group's assessment, cost represents the best estimate of fair value as the instruments are unquoted securities (Note 19.2).

An increase in the net asset values of the investees will result to increase in the fair value of the investment in preferred shares. Any fair value gain or loss on these investments is not material to the consolidated financial statements.

Fair value hierarchy

The valuation of the financial assets at FVOCI is categorized as Level 3 measurement.

During the reporting period ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Note 19 - Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimates, assumptions, and judgments used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

The estimates, assumptions, and judgments that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

19.1 Critical accounting estimates and assumptions

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

(a) Impairment of receivables and due from related parties

The Group applies the PFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables presented under receivables and due from related parties.

The allowance for doubtful accounts related to its trade receivables presented under receivables and due from related parties is based on assumptions about risk of default and expected loss rates. The Group uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due.

For trade receivables and due from related parties, the expected loss rates are based on the payment profiles of revenue over a period of 36 months before December 31, 2022 and 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the Philippine annual inflation and gross domestic product rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for doubtful accounts on receivables and due from related parties would increase the Group's recorded expenses and decrease current assets.

Trade receivables presented under receivables amounted to P8.4 million as at December 31, 2022 (2021 - P8.8 million). Due from related parties amounted to P8.3 million as at December 31, 2022 (2021 - P9.2 million). Allowance for impairment loss provided for the Group's receivable from a third party amounted to P2.7 million as at December 31, 2022 and 2021 (Note 3).

(b) Useful lives of property and equipment, and right-of-use asset

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

There were no changes in the estimated useful lives of property and equipment. As at December 31, 2022, property and equipment have a carrying value of P0.5 million (2021 - P2.2 million) (Note 8). As at December 31, 2022, right-of-use asset has a carrying value of P12.3 million (2021 - P1.6 million) (Note 7).

If the actual useful lives of the property and equipment differ by 10% (assessment threshold used by management), the carrying amount of property and equipment would have been higher by P1.9 million or lower by P1.5 million (2021 - higher by P1.3 million or lower by P1.2 million).

(c) Determining incremental borrowing rate of leases

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Group uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Group and (2) security using the right-of-use asset. The discount rate applied by the Group is disclosed in Note 7.

If the incremental borrowing rate increases or decreases by 1%, income before tax for the year ended December 31, 2022 and 2021, would have been lower by P73 thousand or higher by P75 thousand (2021 - lower by P28 thousand and higher by P29 thousand).

19.2 Critical judgments

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

(a) Assessment of control, joint control and significant influence

The Group has determined that it has no control over its investments in associates as it has no power over these investees or it is not exposed or does not have rights to variable returns from its involvement with these investees and it does not have the ability to control the amount of these variable returns. However, the Group determined that it has significant influence over these investments, thus these investments are classified as associates and is continuously accounted for by the Group using the equity method in its consolidated financial statements. Moreover, the Group is a part owner of an investment in a joint venture where the Group has determined that it does not have sole control over the investee and the ownership is shared with the other owner. The Group and the other owner have joint control and rights over the net assets of the investment.

The Group has (after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and the Group's rights and obligations arising from the arrangement) classified its interest as joint ventures, thus the Group account for its investments in associates and joint venture using the equity method.

(b) Classification and fair value measurement of financial assets not quoted in an active market

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under PFRS 9, Financial Instruments.

The investments in preferred shares within the Group are not held for trading, thus, the Group elected to classify these investments under “Financial assets at fair value through other comprehensive income” with gains and losses remaining in the other comprehensive income, i.e. without recycling to profit or loss upon derecognition (Note 5). However, dividends from investments should be recognized in profit or loss when the right to receive payment is probable and can be measured reliably.

These investments are carried at fair value. Based on the Group's assessment, cost represents the best estimate of fair value as the instruments are unquoted securities.

The Group has assessed below indicators, at investees point of view, are not existent, thus, concluded that cost less impairment, if any, is the best estimate of fair value.

- a significant change in the performance of the investee compared with budgets, plans or milestones
- changes in expectation that the investee's technical product milestones will be achieved
- a significant change in the market for the investee's equity or its products or potential products; and
- a significant change in the global economy or the economic environment in which the investee operates.

The valuation of the financial assets at fair value through other comprehensive income is categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation. The main inputs used by the Group are net asset values of the investees. These investees are dormant companies with cash, receivables and investments in other entities on their statements of financial position.

(c) Assessment of impairment of investments in associates and joint venture

The Group assesses impairment on its investments in associates and joint venture annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group’s financial condition and results of operations.

The Group measures its interest in associates and joint ventures identifiable net assets. For its joint venture, the determination of value in use of its assets requires certain assumptions and inputs for the mall and office leasing operations, as cash generating units, specifically:

- the rental, escalation and vacancy rates for cash inflows;
- capital expenditures and non-recoverable expenses for cash outflows; and
- discount and terminal capitalization rates.

As at December 31, 2022 and 2021, the Group did not recognize any impairment loss on its investments in associates and joint venture since there are no impairment indicators identified in 2022 and 2021. The carrying value of investments in associates and joint venture as at December 31, 2022 amounted to P3,314.3 million (2021 - P2,758.3 million) (Note 6).

(d) Recognition of deferred income tax assets

Deferred income tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the tax losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at December 31, 2022, the recognized net deferred income tax assets amounted to P0.4 million (2021 - P0.1 million). The amount of unrecognized deferred tax assets amounted to P25.7 million as at December 31, 2022 (2021 - P34.7 million) (Note 14).

(e) Lease commitments - the Group as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in leases have not been included in the lease liabilities because the Group could replace the assets without significant cost or business disruption. Potential future cash outflows have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, there is no revision of lease terms to reflect the effect of exercising extension and termination of contracts (Note 7).

(f) Recoverability of prepaid taxes and input VAT

The Group assesses impairment on prepaid taxes and input VAT annually or whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Based on management's assessment, the prepaid taxes and input VAT will be fully utilized in the future by applying it to applicable taxes.

Note 20 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

20.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards ("PAS"), and interpretations of the Philippine Interpretations Committee ("PIC"), Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") which have been approved by the Financial Reporting Standards Council ("FRSC") and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at FVOCI and plan assets of defined benefit pension plan measured at fair value.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 19.

Changes in accounting policy and disclosures

(a) New standards and interpretation to existing standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to PAS 16;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to PAS 37;
- Annual Improvements to PFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to PFRS 3.

The group also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to PAS 12; and
- Disclosure of Accounting Policies – Amendments to PAS 1 and PFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, and amendments and interpretations to existing standards not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

20.2 Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company since the subsidiaries are wholly-owned by the Parent Company. All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Assessment of control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns

The Group re-assesses whether or not it controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

20.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial instrument in the consolidated statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVPL as at December 31, 2022 and 2021.

(i) Amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group's financial assets measured at amortized cost comprise cash and cash equivalents (Note 20.5), receivables (Note 20.6), due from related parties (Note 20.6) and refundable deposits in the consolidated statement of financial position.

(ii) Fair value through other comprehensive income

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group's financial assets measured at FVOCI represent unquoted preferred shares of related parties and unquoted investments in club shares. These are classified as "Financial assets at fair value through other comprehensive income" in the consolidated statement of financial position (Note 5).

(b) Recognition and measurement

(i) Initial recognition and measurement

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(ii) Subsequent measurement

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of total comprehensive income.

Equity investments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

(c) Impairment

The Group applied the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of receivables and due from related parties. Impairment testing of receivables and due from related parties is described in Note 20.6.

Equity investments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired.

If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through profit or loss.

(d) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

(a) Classification

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and other financial liabilities. The Group's financial liabilities are limited to other financial liabilities at amortized cost.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified as at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Group's trade and other payables (excluding payable to government agencies) (Note 20.12), and due to related parties are classified under other financial liabilities at amortized cost.

(b) Recognition and derecognition

Financial liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

(c) Measurement

Other financial liabilities are carried at amortized cost using the effective interest method.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. As at December 31, 2022 and 2021, there were no offsetting of financial assets and liabilities.

20.4 Determination of fair value of financial and non-financial assets

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(a) Financial assets and liabilities

The fair value for financial instruments traded in active markets at the end of the reporting period is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

(b) Non-financial assets

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as financial assets at fair value through other comprehensive income, and for non-recurring fair value measurement. At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

20.5 Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and are subject to an insignificant risk of change in value. Cash and cash equivalents are recognized and carried at amortized cost. Refer to Note 20.3 for other relevant accounting policies on cash and cash equivalents.

20.6 Receivables and due from related parties

Trade receivables presented under receivables and due from related parties arising from rendering of services with average credit term of 30 to 60 days are measured at the original invoice amount which approximates fair value (as the effect of discounting is immaterial), less any provision for impairment. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables presented under receivables and due from related parties. To measure the expected credit losses, receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as a separate line item in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables and due from related parties. Subsequent recoveries of amounts previously written-off are credited against the same line item in the consolidated statement of total comprehensive income.

The expected loss rates are based on the profiles of revenue over a period of 36 months before December 31, 2022 and 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and due from related parties. The Group has identified that the Philippine annual inflation and growth domestic product rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Refer to Note 20.3 for other relevant accounting policies on receivables and due from related parties.

20.7 Prepayments and other current assets

(a) Prepayments

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

(b) Creditable withholding taxes

Creditable withholding taxes represent amounts withheld by the Group's counterparties in relation to revenue earned. These amounts are derecognized when applied against the income tax payable.

(c) Tax credit

Tax credit represent excess tax payments that can be applied against future applicable income tax payable.

20.8 Investments in associates and a joint venture

Associates are entities in which the Group has significant influence, and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint venture are accounted for using the equity method of accounting from the date from which the entity becomes an associate and a joint venture. The difference between the cost of the investments and the Group's share of the net fair value of the investee's identifiable assets and liabilities is treated as a "Fair value adjustment" and included in the carrying amount of the investment.

Under the equity method, the investments in associates and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associates and joint venture. The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the associates. This is included in the "Share of results of associates and joint venture" account in the consolidated statement of comprehensive income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates, joint venture and the Group are identical and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associates and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associates, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates and joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

20.9 Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

20.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Office equipment	1-4
Furniture and fixtures	1-4
Leasehold improvements	3 or over the lease term, whichever is shorter

The useful lives, residual value and depreciation method are reviewed periodically to ensure that the period, residual value and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

20.11 Impairment of non-financial assets

Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Investments in associates and a joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investments in associates or jointly controlled entities are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the Group's share in the fair value and the carrying value of the net assets of the investee company and recognizes the difference in profit or loss.

20.12 Accounts payable and other current liabilities

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount.

Accounts payable and other current liabilities are derecognized when the obligation is discharged, cancelled or expired.

Refer to Note 20.3 for other relevant accounting policies on accounts payable and other current liabilities.

20.13 Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed or derecognized.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statement.

20.14 Revenue recognition

(a) Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue by applying the following steps:

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

Management consultancy fees and franchise fees

The Parent Company has entered into an agreement with its related party to provide management, advisory and consultancy services. Management consultancy fees and franchise fees related to this agreement are recognized by reference to the monthly completion of the services. Under this method, revenue is recognized in the accounting periods in which the services are rendered. The related party, as the customer, simultaneously receives and consumes the benefits provided by the Parent Company as the latter performs the service. Therefore, the Parent Company transfers control of service and recognizes revenue over time. The Parent Company submits invoice on a monthly basis to its customer. Management fee is charged at 2.5% of annual net revenues of the customer and franchise fee is charged at 1.0% of net revenues of the customer. The Parent Company determined that there's no disaggregation of revenue from this single contract with customer into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Other income

Other income from recovery of rentals from SMKL is recognized when earned.

(b) Other income not covered by PFRS 15, Revenue from contracts with customers

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Other income

Other income from gain on reversal of liabilities, interest income from staff loan, and gain on sale of property and equipment is recognized when earned.

20.15 General and administrative expenses

General and administrative expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. General and administrative expenses are recognized in profit or loss in the period these are incurred.

20.16 Equity

(a) Share capital

Share capital is measured at par value for all shares issued.

(b) Share premium

Share premium represents capital contribution in excess of par value of the share capital.

(c) Other reserves

Reserves pertaining to other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRS. Other comprehensive income (loss) includes remeasurement gains or losses on the Group's retirement benefits and the share of the Group on actuarial gain of its associates and joint venture.

(d) Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration.

(e) Treasury shares

Treasury shares are recorded at cost and presented as a deduction from equity. When the shares are retired, the share capital account is reduced by its par value and the excess of cost over par value upon retirement is deducted from share premium to the extent of the specific or average share premium when the shares were issued and from retained earnings for the remaining balance.

20.17 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(d) Residual value guarantees

The Group provides residual value guarantees for some lease contracts. The Group initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liabilities.

(e) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

20.18 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at reporting date. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period they are realized.

20.19 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within 12 months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

(b) Retirement benefits

The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. The net retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement benefit costs comprise the following:

(1) Service costs
(2) Net interest on the net defined benefit liability or asset
(3) Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on the risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net defined benefit liability.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gain on defined benefit plan" in the period in which they arise. Remeasurements are not recycled to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting net retirement benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

20.20 Current and deferred income tax

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Current income tax relating to items directly in equity is recognized in equity and not in the consolidated statement of income.

(b) Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefits of excess MCIT and unused NOLCO, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are derecognized when the related bases are realized/settled or when they are no longer realizable.

(c) Value-Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the consolidated statement of financial position.

20.21 Related party relationships and transactions

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

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

20.22 Basic/diluted earnings (loss) per share (EPS)

EPS is computed by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

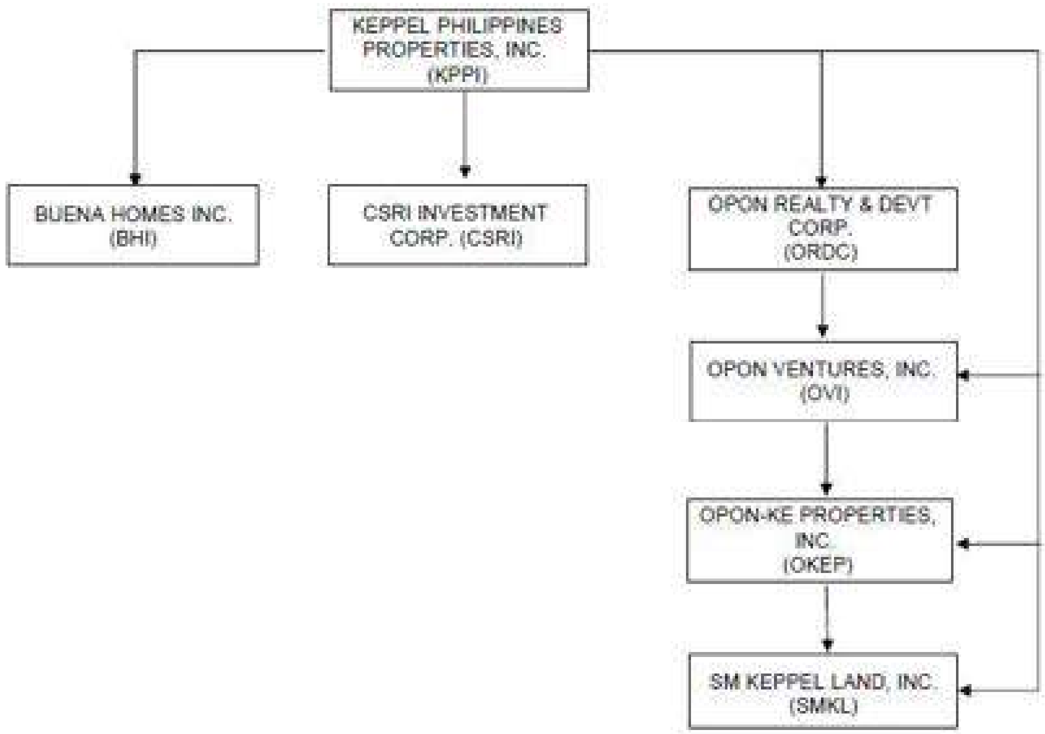
20.23 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 17.

20.24 Events after the reporting period

Post year-end events that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

KEPPEL PHILIPPINES PROPERTIES, INC.
SUBSIDIARIES AND ASSOCIATES
As at December 31, 2022



Subsidiaries	Percentage of Ownership	Nature of Business
Buena Homes, Inc. (BHI)	100%	Investment holding
CSRI Investment Corporation (CSRI)	100%	Investment holding

Associates	Percentage of Ownership	Nature of Business
Opon Realty and Development Corp. (ORDC)	40%	Investment holding
Opon Ventures, Inc (OVI)	40%	Investment holding
Opon-KE Properties, Inc. (OKEP)	40%	Investment holding
SM-Keppel Land, Inc. (SMKL)	40%	Lease of mall and office spaces; cinema ticket sales and carpark operation

Keppel Philippines Properties Inc. and Subsidiaries

Financial Ratios
December 31, 2022 and 2021

Financial ratio	Calculation	2022	2021
Liquidity/current ratio	Total current assets divided by total current liabilities Total current assets 109,726,603 Divided by: Total current liabilities 40,148,994 2.73	2.73:1	2.87:1
Acid test ratio	Quick assets (total current assets less prepayments and other current assets) divided by total current liabilities Total current assets 109,726,603 Less: Prepayments and other current assets (52,603,173) 57,123,430 Divided by: Total current liabilities 40,148,994 1.42	1.42:1	2.23:1
Solvency ratio	[Net income after tax plus non-cash expenses (e.g. depreciation etc.)] divided by total liabilities Net income after tax 542,167,107 Add: Depreciation and amortization 6,951,284 549,118,391 Divided by: Total liabilities 46,597,048 11.78	11.78:1	11.62:1
Debt-to-equity ratio	Total liabilities divided by total equity Total liabilities 46,597,048 Divided by: Total equity 3,470,877,793 0.01	0.01:1	0.02:1
Asset-to-equity ratio	Total assets divided by total equity Total assets 3,517,474,841 Divided by: Total equity 3,470,877,793 1.01	1.01:1	1.02:1
Interest rate coverage ratio	Net income before interest expense and tax divided by interest expense	N/A	N/A
Return on equity	Net income after tax divided by total equity Net income after tax 542,167,107 Divided by: Average total equity 3,199,650,296 16.94%	16.94%	19.72%
Return on assets	Net income after tax divided by average total assets Net income after tax 542,167,107 Divided by: Average total assets 3,245,904,257 16.70%	16.70%	19.28%
Net profit margin	Net income after tax divided by gross income Net income after tax 542,167,107 Divided by: Total revenue and income 597,237,325 90.78%	90.78%	90.22%
Earnings per share	Net income divided by number of common stock outstanding Net income after tax 542,167,107 Divided by: Number of common stock outstanding 293,828,900 1.85	P1.85	P1.79

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule A
Financial Assets
As at December 31, 2022
(All amounts in Philippine Peso)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Income received and accrued
Financial assets at fair value through other comprehensive income			
Opon Ventures, Inc.	4,800,000	48,000,000	-
Opon-KE Properties, Inc.	3,128,722	31,287,230	-
Club Filipino Inc. de Cebu	12	225,000	-
Total financial assets at fair value through other comprehensive income		79,512,230	-
Cash and cash equivalents		39,719,571	729,049
Receivables*		8,438,637	-
Due from related parties		8,295,274	-
Refundable deposits**		617,218	-
Total financial assets		136,582,930	729,049

**Receivables exclude withholding tax receivables presented within others amounting to P0.6 million in 2022.*
***Refundable deposits include the current portion of refundable deposits presented under prepayments and other current assets amounting to P0.1 million in 2022.*

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2022
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected, liquidated or reclassified	Amounts written off	Current	Non-current	Balance at end of year
Keppel Land Limited	-	239,096	(239,096)	-	-	-	-
Opon-KE Properties, Inc.	4,068,736	174,435	-	-	4,243,171	-	4,243,171
Opon Ventures, Inc.	2,814,569	174,381	-	-	2,988,950	-	2,988,950
Opon Realty and Development Corporation	71,288	230,375	-	-	301,663	-	301,663
SM Keppel Land, Inc.	11,072,674	47,130,445	(49,201,101)		9,002,018	-	9,002,018
Keppel Philippine Holdings, Inc.	-	50,892	-	-	50,892	-	50,892
Kepwealth, Inc.	-	47,870	-	-	47,870	-	47,870
Kepventures, Inc.	-	47,870	-	-	47,870	-	47,870
Employees	66,575	37,800	(102,025)	-	2,350	-	2,350

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule C
Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of Financial Statements
As at December 31, 2022
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts provided for/ written off	Current	Non-current	Balance at end of year
Buena Homes, Inc.	82,587	185,610	-	-	268,197	-	268,197
CSRI Investment Corporation	28,340	206,803	-	-	235,143	-	235,143
Total	110,927	392,413	-	-	503,340	-	503,340

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule D
Long Term Debt
As at December 31, 2022
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Not Applicable			

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule E
Indebtedness to Related Parties
As at December 31, 2022
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable		

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule F
Guarantees of Securities of Other Issuers
As at December 31, 2022
(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not Applicable				

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule G
Capital Stock
As at December 31, 2022

The details of authorized and paid-up capital stock are as follows:

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common shares of stock	375,000,000	296,629,900	-	255,136,898	10,007	38,681,995
Treasury stock		(2,801,000)	-	-	-	-
Outstanding common stock		293,828,900	-	255,136,898	10,007	38,681,995
Preferred stock	135,700,000	59,474,100	-	59,474,100	-	-
Total		353,303,000	-	314,610,998	10,007	38,681,995

Keppel Philippines Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2022
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, *as adjusted to available for dividend distribution (deficit), beginning of the year*		(80,735,820)
Add: **Net income actually earned/realized during the period**		
Net income (loss) during the period closed to retained earnings	(13,740,022)	
Less: **Non-actual/realized income net of tax:**		
Equity in net income of an associate/joint venture	-	
Unrealized foreign exchange gain (after tax) except those attributable to cash and cash equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	(13,740,022)	
Add: **Non-actual losses**		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	-	
Net income (loss) actually earned (incurred) during the year		(13,740,022)
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		(2,667,645)
Subtotal		(2,667,645)
Total retained earnings available, end of the year available for dividend (deficit)		**(97,143,487)**

SUSTAINABILITY REPORT
Keppel Philippines Properties, Inc.

Location of Headquarters	Units 1802B-1803 The Podium West Tower 12 ADB Avenue, Ortigas Center, Brgy. Wack-Wack Greenhills East, 1550 Mandaluyong City, Metro Manila, Philippines
Location of Operations	Mandaluyong City, Philippines - The Podium Complex
Report Boundary	This report covers information on Keppel Philippines Properties, Inc. (KPPI or the Company), including the activities of The Podium Complex, which comprises The Podium West Tower and The Podium Mall. The Podium Complex is the sole property included within the boundary of this report.
Business Model, including Primary Activities, Brands, Products, and Services	Real estate development and property management.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Sarah Kang Country Head

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MATERIALITY PROCESS

Keppel Philippines Properties, Inc. (KPPI) determined its significant topics using AA1000 Standard's 5-step Materiality Test, which includes: 1) impact on short-term issues, 2) Company's strategic policy statements, 3) materiality among comparable organizations, 4) importance to stakeholders, and 5) social norms.

These topics were then screened and aligned with the SEC reporting template, analyzed for stakeholder interest, and benchmarked with those most common to the real estate industry.

The final material topics were organized to align with Keppel Group's sustainability framework (on the next page), focusing on Environmental Stewardship, Responsible Business, and People and Community development.

During this reporting period, the team reviewed the material topics and sustainability framework to ensure they meet stakeholders' needs.

SUSTAINABILITY FRAMEWORK

At Keppel Philippines Properties, Inc. (KPPI), we place sustainability at the core of our strategy, delivering innovative solutions that enrich people and communities while creating enduring value for the stakeholders – this is articulated through our sustainability framework below and its strategic pillars that include environmental stewardship, responsible business practices, and nurturing people and the communities, wherever we operate.

STRATEGIC PILLAR:	STRATEGIC PILLAR:	STRATEGIC PILLAR:
ENVIRONMENTAL STEWARDSHIP	**RESPONSIBLE BUSINESS**	**PEOPLE AND COMMUNITY**
We are committed to protect the environment by being more efficient with resources and reducing our impact.	Our long-term business sustainability is ensured through strong leadership from the board, responsible corporate governance, and prudent risk management.	Our business is built on people, and we prioritize their safety, development, and well-being. Additionally, we strive to positively impact the communities wherever we operate.
Material ESG Issues: • Climate Action & Environmental Management	Material ESG Issues: • Economic Contribution to Society • Corporate Governance & Risk Management • Supply Chain Management	Material ESG Issues: • Human Capital Management • Health, Safety & Well-being • Community Development

Note: *The sections in the report are arranged following KPPI's strategic pillars – Environmental Stewardship, Responsible Business, and People and Community – and some subtopics have been regrouped according to the key pillars in the Sustainability Framework. For example, the discussion on Climate-related risks and opportunities is incorporated in Climate Action, which is under the Environmental Stewardship pillar instead of Economic Performance, while Supply Chain section has been moved from Social to Economic Performance.*

THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

Six SDGs are integrated into KPPI's business and serve as the supporting framework to guide the Company's sustainability strategy. These apply to The Podium West Tower and The Podium Mall.

Environmental Stewardship

SDGs	
Material Topics	● Climate Action & Environmental Management
Approach	● KPPI is focused on creating properties that foster harmonious co-existence of building occupants with the environment. ● The Company is committed to minimizing its environmental impact and is focused on sustainable management and efficient use of natural resources. ● KPPI aims to reduce wastage from its operations through resource efficiency, reuse of natural resources, and recycling.
Contribution to the UN SDGs	● To support the fight against climate change, KPPI is committed to developing green properties and optimizing resource efficiency in its operations. ● An eco-icon, The Podium Complex was developed in accordance with the BCA Green Mark Gold Standard and the LEED Gold standard. The building consumes 14% less energy and 30% less water annually compared to standard buildings.
Potential Negative	● Had The Podium Complex been built to standard designs, it would have consumed more energy and water, leading to more GHG emissions and effluents.
Management Approach	● To reduce resource consumption, The Podium Complex has fixtures such as a double-glazed glass façade to minimize solar heat gain, a green roof to reduce cooling energy load, LED lighting, variable refrigerant volume air conditioning equipment, high efficiency chiller units and dynamic power metering. Water-efficient fixtures are also used in toilets with a centralized sewage treatment plant, rainwater is harvested, and grey water is treated for reusing.

Responsible Business

SDGs	
Material Issues	• Economic Contribution to Society • Corporate Governance & Risk Management • Supply Chain Management
Approach	• The Company regards its contribution to sustainable urbanization both as a corporate responsibility and a source of business opportunities. We are committed to apply knowledge and skills to drive innovation and support economic development, and in turn, support the well-being of our community. • We conduct business fairly, impartially, in an ethical and proper manner, with integrity, and in compliance with all applicable laws and regulations. Our stance on regulatory compliance is clear and consistently reiterated by the top management. The Company has zero tolerance for fraud, bribery, corruption and violation of laws and regulations. • We work closely with our suppliers to make a positive impact on their sustainability performance. • We exercise due care and diligence in the design, construction and use of our products and services to ensure that they do not pose hazards to customers.
Contribution to the UN SDGs	• Our business operations generate employment, opportunities for suppliers and tax revenues for governments. • Suppliers with significant amounts of transactions with KPPI are required to sign the Keppel Supplier Code of Conduct which requires them to perform well in the ESG aspects of their businesses. • We do not tolerate unethical labor practices in any of our operations and strongly support the elimination of exploitative work conditions as provided for in the Labor Code of the Philippines. These actions are also supported by Keppel Corporation's Employee Code of Conduct, which we also follow. • We adopt a set of Responsible Design Values, including Design for Quality and Design for Safety, to ensure quality and safety principles are incorporated into designs right from the start of our value chain.
Potential Negative	• There may be risks of corruption in the operations. • Suppliers that do not adopt ESG clauses could impact our entire value chain of operations, thereby impacting our financial standing in the long run.
Management Approach	• We continue to be firm in our zero-tolerance stance against corruption and will continue to implement more safeguards against it. • We will continue to implement our zero-tolerance stance against unethical labor practices and ensure that suppliers follow the Keppel Supplier Code of Conduct strictly. • We will continue our due diligence from the design and construction stages to the operations stage, to ensure that our products meet all design specifications.

People and Community

SDGs	
Material Topics	● Health, Safety & Well-Being ● Human Capital Management ● Community Development
Approach	● Providing a safe and healthy working environment for all stakeholders is fundamental to our commitment to conduct business responsibly. ● We are a strong advocate for safety and health in the broader community, and champion national and industry initiatives to raise standards and drive innovation in these aspects. ● Our business contributes to economic growth, productivity, and jobs. Our hiring policies ensure equal employment opportunities for all. ● We uphold human rights principles and adhere to fair employment practices. We provide equal opportunities about the recruitment and career development of our employees. ● We share knowledge and best practices, as well as financial and human resources with all our stakeholders to support the achievement of the SDGs in the Philippines as a whole.
Contribution to the UN SDGs	● We achieved zero fatalities in 2021 and 2022. We are committed to maintaining an incident and injury-free work environment. ● We adhere to the Keppel Group's stance on human rights. We also believe in the importance of promoting an inclusive and harmonious workplace and give equal opportunities to all during the hiring process, regardless of background, gender or race. ● We are committed to continue our efforts in collaborating with partners and stakeholders to create value for our stakeholders and the wider community.
Potential Negative	● Poor building design could put workers and customers' health and safety at risk. ● If the site is not properly selected, it could result in displacement of residential communities.
Management Approach	● We adhere to strict building design standards and follow all health and safety regulations. ● The location of The Podium Complex is built on a site of a former building and not on a residential area, and as such, no displacement and relocation occurred during construction. Moreover, stringent measures were put in place to ensure that the building meets green building standards.

STRATEGIC PILLAR:

ENVIRONMENTAL STEWARDSHIP

CLIMATE ACTION

KPPI, through Keppel Land, supports the Task Force on Climate-related Financial Disclosures (TCFD) and has incorporated its recommendations in its reporting framework. In this report, we voluntarily disclose our approach in four key areas as recommended by the TCFD.

Disclosure	Our Approach
Governance	KPPI's key material environmental, social and governance (ESG) issues, which include climate-related risks and opportunities, are derived from Keppel Land Group's material ESG issues, and customized to the local setting for Philippines' operations. KPPI Board of Directors has oversight of ESG matters and the Management implements initiatives on these ESG issues.
Strategy	KPPI's material ESG issues are integrated into its business objectives and strategy. As part of our environmental sustainability strategy, we will continue to develop new high-performance buildings that follows design standards for sustainability, and improve the resource efficiency of our operations for our upcoming projects. KPPI adopts Keppel's sustainability principles throughout the supply chain and adheres to the Keppel Supplier Code of Conduct. As part of a robust supply chain management process, KPPI involves suppliers and other stakeholders in the management of climate-related impacts throughout the life cycle of our developments.
Risk Management	Risk assessments in the areas of sustainability, including environmental and social impacts, are incorporated in KPPI Investment Review and Risk Assessment process used in the acquisition of major projects.
Metrics and Targets	KPPI has integrated six United Nations Sustainable Development Goals (SDGs) in its business goals, and these serve as the supporting framework to guide the Company's sustainability strategy. KPPI is also committed to developing properties that meet international green building rating standards. KPPI achieved LEED Gold Certification from the US Green Building Council in August 2022. By the first half of 2023, KPPI aims to receive BCA Green Mark Gold Certification for The Podium Complex.

ENVIRONMENTAL MANAGEMENT

Energy Consumption

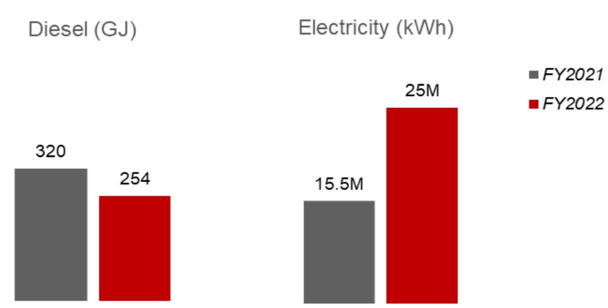
KPPI faces both potential positive and negative impacts and risks related to its energy consumption. By reducing its energy consumption, KPPI can lower its carbon footprint and contribute to mitigate the impacts of climate change. The risks of not being able to reduce its energy consumption are higher energy costs, increased carbon emissions, and decreased financial stability. All of these can have an impact to KPPI's reputation and relationship with stakeholders, particularly those who prioritize environmental and sustainability concerns.

Optimizing Energy Usage

KPPI optimizes energy efficiency in the design and construction of its buildings using materials and technologies that reduce energy consumption and emissions - this results in lower energy bills for tenants, as well as a lower carbon footprint for the Company. Some of the initiatives and improvements in 2022 include - the installation of Building Management System which allows for control and optimization of equipment cycles, with algorithms focused on energy efficiency; and the upgrading of fire exit LED lights to LED lights with motion sensors that can contribute to additional savings of more than 30,000 kWh/year across The Podium Complex.

In addition, KPPI is exploring the opportunity of incorporating renewable energy sources such as solar power into its properties. This could reduce reliance on fossil fuels and positively impact our ESG profile.

As the COVID-19 Alert level status continued to de-escalate, businesses began to slowly return to pre-pandemic arrangements. This resulted in an increase in foot traffic, leading to a significant increase in electricity consumption – about 62% more compared to the previous year. Despite this increase, diesel consumption slightly declined, partly due to the temporary suspension of the Interruptible Load Program (ILP) by the Department of Energy and Energy Regulatory Commission following the change in the Company's electricity supplier in 2022. The ILP is a voluntary program in which companies temporarily disconnect from the power grid to reduce electricity consumption and operate own generating sets during times of power shortage.



**Restatement of 2021 data: Electricity consumption - 15,512,995.71 kWh*
Instead of previously reported: Electricity consumption - 22,090,447.92 kWh.
The restatement was made following KPPI's verification and correction of data provided from the previous year.

Emissions and GHG

GHG emissions from The Podium Complex mainly come from the energy consumption of the tenants and the KPPI Office. Low energy consumption must be maintained to support KPPI's commitment to minimize impact to the climate, retain the green building status, and to continue attracting tenants drawn to the sustainability features of the building.

Green Building Leadership

KPPI achieved LEED Gold Certification from the US Green Building Council in August 2022. The Podium Complex, designed to consume 14% less energy than standard buildings, features double-glazed windows, a green roof, and skylights that enhance energy efficiency and reduce solar heat gain while increasing natural light. Energy-saving measures such as dynamic power metering, LED lighting, energy-efficient air conditioning and chillers, and variable speed drives in air supply fans further reduce energy consumption. KPPI continues to develop and manage buildings that use energy-efficient technologies, reducing GHG emissions and positively impacting the environment. KPPI also has plans to incorporate renewable energy sources in the future to further reduce GHG emissions and promote a greener world.

In 2022, KPPI's indirect (Scope 2) greenhouse gas (GHG) emissions increased - showing correlation to increased energy consumption, which nearly doubled in comparison to the previous reporting period. This can be attributed to the increase in occupancy and mall customers as the COVID-19 situation continues to improve. On the other hand, Scope 1 emissions were reduced by 21%. This reduction was achieved with the decrease in the usage of generator sets. KPPI is continually working towards finding a balance between business growth and reducing its environmental impact.

GHG Emissions	Units	2021	2022
Direct (Scope 1) GHG Emissions	Tonnes CO_2e	*22.84	18.12
Energy indirect (Scope 2) GHG Emissions	Tonnes CO_2e	*9,804.21	15,846.87

**Restatement of 2021 data: Direct (Scope 1) - 22.84 Tonnes CO_2e, Energy indirect (Scope 2) - 9,804.21 Tonnes CO_2e, Instead of previously reported: Direct (Scope 1) - 11.70 Tonnes CO_2e, Energy indirect (Scope 2) - 13,968.60 Tonnes CO_2e. The restatement was made following KPPI's energy consumption data 2021 correction.*

Air Pollutants

KPPI is committed to promoting sustainability through the reduction of air pollutants in its operations. Levels of nitrogen oxides (NOx) and sulfur oxides (SOx) produced by KPPI are relatively insignificant, reducing the risks and impacts associated with these pollutants. KPPI continues to monitor its operations, implement regular preventive maintenance on all equipment, and has implemented procedures to record all power outages, ensuring that it remains vigilant in its efforts to reduce its impact on the environment. The recent updates to DENR and EMB regulations, as outlined in MC 2022-003 issued in August 2022, have removed the requirement for source emission testing for standby generator sets. In addition to these positive developments, KPPI remains dedicated to making a positive impact on the environment through its commitment to sustainable practices.

Water Consumption

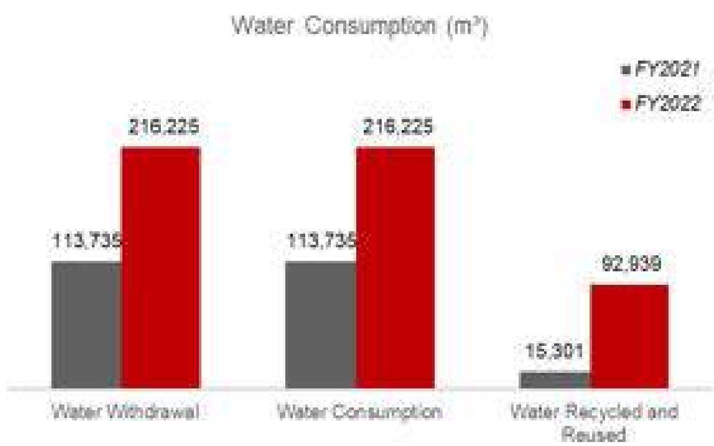
KPPI implemented sustainable water systems and worked with suppliers to reduce consumption and avoid improper management of water resources that can lead to environmental degradation and harm to local ecosystem. This primarily benefits the local communities surrounding the property.

Making Every Drop Count

KPPI is committed to reducing its water consumption through sustainable design practices. To achieve this goal, the building features water-efficient fixtures, a system for harvesting and utilizing rainwater and treated grey water, and a centralized sewage treatment plant. The landscape garden features drip irrigation, and the building is equipped with both flow meters and a conventional meter to monitor water usage which also helps in identifying any potential leaks. The installation of these meters was completed in January 2022.

KPPI's commitment to sustainability and the environment is demonstrated through its efforts in water conservation. The Company's ongoing investment in sustainable practices showcases its commitment to building a greener future for next generations. KPPI will continue to closely monitor and evaluate its water usage and seek opportunities for further improvement of our systems.

Post-pandemic, The Podium Mall experienced a significant rise in foot traffic, which led to an increase in water consumption of about 200%. To address this increase, KPPI implemented measures to optimize water recycling and reuse systems. This resulted in a six-fold increase in the amount of water recycled and reused - representing 43% of the total water consumption during the year. The effort to optimize these systems demonstrates KPPI's commitment to sustainability and to creating a more environmentally conscious community.



**Restatement of 2021 data: Water withdrawal - 113,735 m^3 Water consumption - 113,735 m^3, Instead of previously reported: Water withdrawal - 348,854.10 m^3 Water consumption - 348,854.10 m^3. The restatement was made following KPPI's verification and correction of data provided from the previous year*

Effluents

Effluent management is an essential aspect of real estate development and property management. Positive impacts include improved water quality, adherence to regulations on water discharge management, and an overall preservation of the natural resources for sustainable development.

Transforming Water Discharge

KPPI has established initiatives towards reducing raw water consumption such as introducing the provision of non-potable water for flushing and ensuring optimal water flow for potable water at wash basins and Bib-taps. These initiatives have reduced effluent release and helped KPPI in its journey towards increasing wastewater recycling. Data monitoring gaps were fully addressed at the start of the year by installing meters that measure recycling activity.

KPPI ensures its compliance with local and national regulations for water discharge management, resulting in zero violations and penalties.

Another opportunity to consider includes collaboration with local organizations to raise awareness about water conservation and to find ways to reduce water waste and improve water discharge management practices.

KPPI aims to continue making progress in this area and to set a positive example for others in the industry.

Effluents	Units	2021	2022
Total Volume of Water Discharges	m³	282,272.65	274,640.20
Percent of Wastewater Recycled	%	5	34

In 2022, despite an increase in water consumption, KPPI was still able to reduce the total volume of water discharge by 3%. This achievement was possible through the initiatives for recycling and reusing of wastewater. In the previous reporting cycle, only 5% of wastewater was recycled, but currently this number has increased significantly to 34%. This demonstrates KPPI's commitment to preserve and conserve natural resources, as well as dedication to promote sustainable practices within the operations.

Materials

KPPI has made significant strides in promoting sustainable construction practices in its operations. The Company prioritizes the use of durable and locally sourced materials to reduce the carbon footprint of its projects. Additionally, KPPI has implemented various measures to ensure that the materials used in construction are eco-friendly and have low emissions. This includes the use of recyclable materials, low-emitting adhesives, sealants, paints and coatings, and flooring systems.

The Company is also currently taking steps to establish a monitoring system to gather data on its sustainability efforts for further improvements. This will enable KPPI to track its progress and make informed decisions to further improve its environmental impact.

Solid Waste

KPPI places great importance on the adoption of sustainable waste management practices and compliance with environmental regulations to mitigate risks and enhance its impact. Some of the positive impacts of this initiative are waste reduction, sustainable materials use, and community engagement. However, improper waste management can lead to negative impacts such as non-compliance with regulations resulting in fines and penalties. Potential risks which include reputational damage from negative publicity and criticism, fines, and penalties, as well as loss of credibility. These risks are a concern for stakeholders such as communities, environmental organizations, investors, customers, and employees.

A Cleaner Planet

KPPI places strong emphasis on sustainability and responsible waste management. The Podium Complex generates solid waste from a variety of sources including its office space and mall tenants. KPPI has taken steps to ensure the proper disposal of its waste by segregating it and storing it in a materials recovery facility within The Podium Complex. A DENR-accredited hauler collects the waste for disposal, and the process is monitored by a Pollution Control Officer to ensure compliance with government regulations.

To further reduce the amount of waste generated, KPPI promotes the use of recyclable, reusable, and biodegradable containers. The Company is also exploring the implementation of a stricter segregation system with the goal of diverting waste to composting facilities and reducing residual waste. While these improvements may require changes to the tenants' waste management practices and have financial implications, KPPI recognizes the importance of preserving the environment and will continue to evaluate opportunities for further improvement and implement them when feasible.

In 2022, the increase in foot traffic resulted in a significant surge - approximately 135% - in the amount of solid waste produced compared to 2021. Despite this increase in waste, efforts were made to manage the waste in a sustainable manner. A significant portion of the residual waste was disposed of in engineered landfills, while a portion of the waste (16.6%) was identified as recyclables and an additional 0.1% considered reusable. The Company recognizes the importance of reducing waste and is committed to finding ways to minimize the amount of waste generated in the future.

Solid Waste	Units	2021	2022
Total Solid Waste Generated	Kg	486,738.00	1,141,468.00
Reusable	Kg	15,004.00	1,022.42
Recyclable	Kg	147,822.00	189,073.09
Residuals / Landfilled	Kg	323,912.00	951,372.49

Hazardous Waste

Hazardous waste management is a crucial aspect of real estate development and property management. Proper disposal of hazardous waste can reduce the risk of soil and groundwater contamination and demonstrate a commitment to environmental sustainability and corporate responsibility. KPPI implements best practices in hazardous waste management to minimize negative effects and promote positive impacts on environmental health and safety, brand reputation, as well as customer and investor relations.

Safe Disposal

KPPI is committed to sustainability and ensures the safety of its tenants and the environment. Proper storage of hazardous waste is performed in accordance with DENR requirements at all times. Only DENR-accredited transporters are employed for the safe disposal of hazardous waste to minimize any risk to the environment or public health. The Pollution Control Officer is responsible for ensuring that all processes related to hazardous waste are carried out in compliance with government requirements.

KPPI provides clear guidelines during the tenant orientation process, especially for tenants who are likely to produce hazardous waste. These guidelines ensure that tenants understand their responsibility to properly dispose of their own hazardous waste in accordance with DENR policies. KPPI is committed to working with tenants to promote a safe and sustainable environment for all. As KPPI continues to grow, we remain committed to reducing hazardous waste generation and ensuring its safe disposal.

Hazardous Waste	Units	2021	2022
Total Weight of Hazardous Waste Generated	Kg	98,250.00	17,439.19
Total Weight of Hazardous Waste Transported	Kg	80,000.00	17,439.19

The significant amount associated with hazardous waste generated and transported in 2021 was the result of the hauling of accumulated fats, oil and grease from the previous years. All hazardous waste generated in 2022 which includes busted lamps, oil-contaminated materials, and sludge was handled in accordance with industry best practices and local regulations, that is, transported in a safe and environmentally responsible manner, ensuring that no harm was done to the community or the environment.

Environmental Compliance

KPPI, as a real estate development and property management company, must comply with environmental laws and regulations such as the Environmental Impact Assessment Law, Clean Air and Water Acts, Waste Management Regulations, and Building Energy Efficiency Regulations. Non-compliance will result in monetary fines which will increase organizational costs and reflect a declining commitment to environmental sustainability.

Environmental Protection

KPPI integrates Quality, Environmental, Health and Safety (QEHS) management into its business and culture as it is an essential factor in driving sustainability and achieving business excellence. KPPI is committed to allocate necessary resources to effectively maintain high standards of environmental protection. In this way, the Company achieves our environmental objectives while managing our operations.

KPPI complies with all relevant QEHS legislations and strives to exceed industry standards through the adoption of best practices. Progress is monitored through audits and periodic reviews, with the aim to continuously improve QEHS performance. The Company's buildings follow the BCA Green Mark standards and in August 2022, was awarded the LEED GOLD certification by the US Green Building Council, which demonstrates its commitment to sustainability and efforts to go beyond what is required by local environmental laws.

In 2022, KPPI was fined (Php 19,500) for the expiry of its Permit to Operate (PTO) for Air Pollution Source Installations during the early stage of the pandemic in 2020. KPPI took immediate action to rectify the situation and ensure that all necessary permits were updated in compliance with regulations. Follow-up actions have since been taken to prevent recurrence.

Environmental Compliance	Units	2021	2022
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	*19,500	19,500
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0

**Restatement of 2021 data: Total Amount of Monetary Fines - PHP 19,500*
Instead of previously reported: Total Amount of Monetary Fines - PHP 0
Findings: Maintaining diesel oil storage tanks w/o PTO - inspection was conducted in May 2021,
The notice of violation was received last quarter of 2021 and settled in 2022.

STRATEGIC PILLAR:

RESPONSIBLE BUSINESS

ECONOMIC CONTRIBUTION TO SOCIETY

Direct Economic Value Generated and Distributed

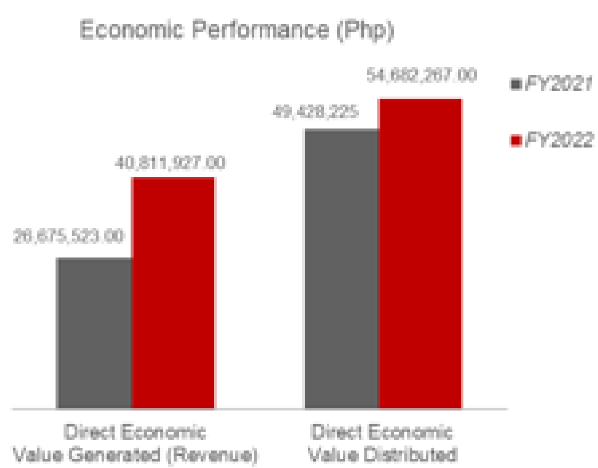
With the renewed growth in the real estate market post-pandemic, KPPI increased its revenue through managing sustainable and environmentally friendly buildings, creating jobs for its employees and economic opportunities for office-based and retail businesses and the local municipality where it operates.

Maximizing Growth

KPPI is dedicated to maximizing economic value through the effective attraction and retention of tenants, as well as adhering to international standards in property development and management. The Company prioritizes financial discipline, compliance with regulations and a strong commitment to corporate governance principles such as risk management, fairness, accountability, and transparency. A revised manual on Corporate Governance was introduced in January 2022 to safeguard stakeholder interests. KPPI is committed to not only generating economic value but also to creating beneficial impacts on the environment and society, demonstrated by its focus on sustainability, efforts to reduce its carbon footprint, and provision of safe and healthy spaces.

As its economic value continues to grow, KPPI is poised to create more opportunities for value distribution and progress for employees, investors, shareholders and local communities.

The KPPI revenue saw a 53% increase from the previous year. The increase can be attributed to the return of normal operations post-pandemic, which brought an influx of tenants and foot traffic to The Podium Complex. Most of the economic value that was distributed went to employees, suppliers and other operating costs, while the remainder was dispersed to the government and community. KPPI is committed to being a responsible and active member of the community. This will have a positive impact on the community and further improve KPPI's reputation as a progressive organization.



Restatement of 2021 data: Direct Economic Value Generated (Revenue): 26,675,523.00
Instead of previously reported: Direct Economic Value Generated (Revenue): 26,349,298.00
The restatement was made following KPPI's adjusted value resulting from the Financial Audit

	Direct Economic Value Distributed	Units	2021	2022
a.	Payments to Suppliers/Operating Costs	PHP	18,556,765.00	28,281,047.00
b.	Employee Wages and Benefits	PHP	30,524,020.00	25,993,920.00
c.	Taxes given to Government	PHP	312,711.00	331,339.00
d.	Investments to Community	PHP	34,729.00	75,961.00

CORPORATE GOVERNANCE & RISK MANAGEMENT

Anti-Corruption Policies, Procedures and Incidents

KPPI's anti-corruption policies and procedures promote transparency and ethical behavior, and positively affect its shareholders, customer tenants, employees, government agencies and civil society organizations.

Culture of Integrity

KPPI is committed to sustainability and corporate governance and has taken steps to ensure that its operations are free from corruption. As stipulated in KPPI's Manual on Corporate Governance, the Board sets the tone and takes a stand against corrupt practices by adopting an anti-corruption policy in the Keppel Group Code of Conduct. The Code of Conduct is communicated to employees across the organization through training to embed it in KPPI's culture. In addition, a framework for whistleblowing was established to encourage employees to come forward with any concerns they may have about illegal or unethical practices. KPPI is committed to creating a safe and secure environment for employees to voice their concerns without fear of retaliation.

By taking these measures, KPPI is demonstrating its commitment to transparency, accountability and responsible business practices. This will ultimately help to build trust with stakeholders and contribute to a more sustainable future for the Company.

In 2022, KPPI maintained zero incidents related to corruption – including among directors, employees and business partners. KPPI communicates the Code of Conduct and anti-corruption policy to all its employees and business partners to ensure adherence to ethical behavior and practices. Furthermore, all directors and employees underwent additional training to ensure their awareness on the policy and programs.

Anti-Corruption Policies and Procedures	Units	2021	2022
Percentage of Employees to whom the Organization's Anti-Corruption Policies and Procedures have been Communicated to	%	100	100
Percentage of Business Partners to whom the Organization's Anti-Corruption Policies and Procedures have been Communicated to	%	100	100
Percentage of Directors and Management who have Received Anti-Corruption Training	%	100	100
Percentage of Employees who have Received Anti-Corruption Training	%	100	100

Anti-Corruption Incidents	Units	2021	2022
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0

Cybersecurity and Data Protection

KPPI's commitment to customer privacy and data protection has a positive impact on ESG performance by building trust with clients through robust data protection measures, clear data usage transparency, and a demonstrated commitment to privacy.

Safeguarding Information

KPPI values customer privacy and data protection and is committed to protecting the privacy and personal data of its stakeholders (tenants, employees, shareholders, investors, business partners) and other information assets. To maintain the safety and confidentiality of both KPPI's customer data and Company information, the Company has implemented strict internal security measures. Regular review and evaluations to ensure compliance with information security policies and procedures are being performed. Furthermore, KPPI ensures the effectiveness of its IT Disaster Recovery Plan through frequent reviews and tests. End-user protection and the handling of sensitive information are in place and frequently reinforced to employees, while training on cybersecurity awareness and related policies are regularly conducted.

KPPI strives for continuous improvement in our efforts to protect customer data privacy. This will be achieved through periodic risk assessments, the implementation of state-of-the-art technology solutions, and consistent employee training.

In 2022, KPPI real estate development and property management had no customer privacy complaints, no instances of misuse of customer data, and no incidents of data breaches, leaks, theft, or data losses.

Customer and Data Privacy Incidents	Units	2021	2022
No. of Substantiated Complaints on Customer Privacy	#	0	0
No. of Complaints Addressed	#	Not Applicable	Not Applicable
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0
No. of Data Breaches, including Leaks, Thefts and Losses of Data	#	0	0

SUPPLY CHAIN MANAGEMENT

Supply Chain Management

KPPI seeks to create greater positive impact on its supply chain's sustainability performance through procuring sustainable building materials, promoting fair labor practices and implementing efficient logistics. This positively affects its customers, suppliers, employees and the environment.

Building a Responsible Supply Chain

To promote sustainability across its supply chain, KPPI carefully selects contractors based on track record, financial stability as well as commitment to high standards of quality, environmental and safety management. The Company gives preference to contractors which hold certifications for ISO 9001, ISO 14001, and ISO 45001 standards. To ensure the principles of sustainability are upheld throughout the supply chain, KPPI requires its suppliers with significant amounts of transactions to sign the Keppel Supplier Code of Conduct. This Code aligns with the Keppel Group's sustainability principles and encourages positive practices. KPPI holds suppliers accountable to this Code and reserves the right to discontinue business with any supplier which fails to comply with our requirements for business conduct, human rights, safety, health and environmental management.

KPPI's commitment to sustainability extends beyond its internal operations and into its supply chain. For more information on the Keppel Supplier Code of Conduct, please refer to the following link:

➔ *Supplier Code of Conduct*

This Supplier Code of Conduct (the "Code") sets out the standards of conduct to which KPPI's suppliers and our parent entities, subsidiary or affiliate entities and employees, are expected to adhere.

Supplier Accreditation Sustainability Topic	Reference (Keppel Supplier Code of Conduct)
• **Environmental Performance**	Included in construction specifications and written in the Keppel Supplier Code of Conduct (pages 4-5)
• **Forced Labor, Child Labor and Human Rights**	KPPI complies with all government requirements wherever it operates. These are mentioned in the bidding Terms of Reference and in the Keppel Supplier Code of Conduct (pages 3-4)
• **Bribery and Corruption**	As stated in the Keppel Supplier Code of Conduct (page 2)

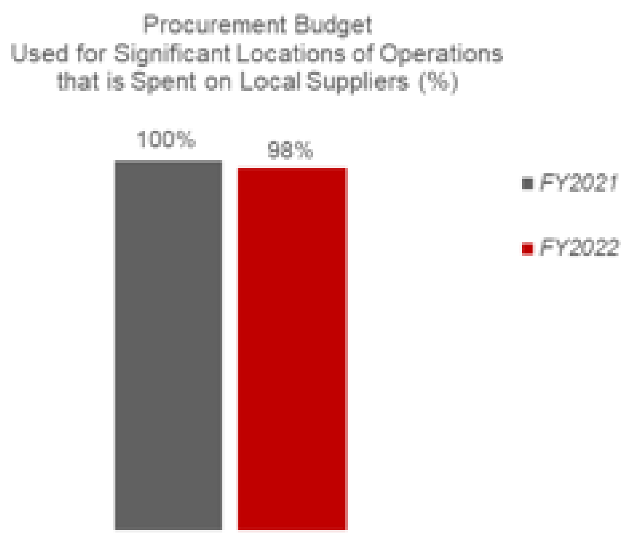
Procurement Practices

KPPI aims to create positive impact through sustainable procurement practices by sourcing materials and products from suppliers that prioritize environmental sustainability and ethical labor practices. These practices benefit the environment through carbon footprint reduction and support the local communities.

Efficient Purchasing

KPPI is dedicated to ensuring ethical procurement throughout the entire lifecycle of its projects, from the initial design phase to construction and operation. The Company recognizes the importance of working with local suppliers and service providers, as well as promoting inclusive growth opportunities for these entities. An upcoming project to install a lift for Persons with Disability (PWD) at the entrance of The Podium Mall will be designed and sourced locally. To ensure the quality and reliability of the products and services provided by its suppliers, KPPI will continue to implement and enforce the Keppel Supplier Code of Conduct. Through this, KPPI continues to maintain its reputation as a responsible and ethical Company while delivering value to its customers.

KPPI ensures that as much as possible, all materials and services for the property operations and maintenance are sourced locally. However, in the efforts to maintain high standards of sustainability and efficiency, in 2022, KPPI directly engaged an overseas supplier to obtain the BCA Green Mark-related measuring instruments required for the certification, as the specifications needed could not be met by local suppliers. As a result, the percentage of budget spent on local suppliers was reduced from 100% to 98%. Moving forward, KPPI will continue to explore and evaluate new and innovative solutions to maintain a balance between sustainability goals and practical business needs.



STRATEGIC PILLAR:
PEOPLE AND COMMUNITY

HUMAN CAPITAL MANAGEMENT

Employee Hiring, Benefits and Data

KPPI's employee hiring and benefits policies are designed to promote inclusivity, diversity and employee satisfaction.

Employee Satisfaction

KPPI provides a positive and inclusive workplace for employees. The Company recognizes the importance of attracting and retaining a diverse workforce and has established a structured and merit-based recruitment process that gives equal opportunities and fair treatment to all candidates regardless of race, gender, religion or age.

KPPI ensures that all employees receive government-mandated benefits without any compromise. These benefits are governed by the HR Policy, and KPPI closely monitors the provision of these benefits to all employees. To gauge employee satisfaction and address any complaints or grievances, KPPI conducts an annual group-level employee satisfaction survey, and maintains an open communication with employees, ensuring that employees relevant concerns are addressed.

In 2022, KPPI had several employee engagements activities to boost morale and increase employee satisfaction, aimed at creating a more positive work environment including:

- Celebration of staff birthdays every month
- Employee Appreciation Month in August
- Larong Pinoy games in September
- Minilympics and Mental Well-being Month in October
- Christmas Celebration in November
- KPPI Year End Celebration in December

Employee Data	Units	2021	2022
Total Number of Employees*	#	31	30
a. Number of Female Employees*	#	20	18
b. Number of Male Employees*	#	11	12
Attrition Rate**	Rate	-9.68%	-3.28%
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1.60:1.00	1.80:1.00

**Includes KPPI and SMKL employees*

*** Attrition rate % = (no. of new hires – no. of turnover)/ (average of total no. of employees of previous year and total no. of employees in the current year)*

Employee Benefits	Female Employees Who Availed for the Year (%)	Male Employees Who Availed for the Year (%)
SSS*	100%	100%
PhilHealth*	100%	100%
PAG – IBIG*	100%	100%
Parental Leave	0%	8%
Vacation Leave	100%	100%
Sick Leave	100%	100%
Medical Benefits (Aside from PhilHealth)**	100%	100%
Retirement Fund (Aside from SSS)**	9%	17%
Telecommuting	100%	100%
(Others) Rice allowance, medical & reimbursement	100%	100%

** Excluded from count: expats*
*** Includes HMO, Group life & Accident Insurance. Probationary not covered by HMO until they are regularized.*

KPPI continued to roll out employment benefits such as social insurance, mandatory benefits, leave, medical coverage, telecommuting options, retirement plans, medical reimbursements, and rice allowance. In addition, employee benefits were enhanced from September 2022, which include:

- Medical Reimbursement: The expanded medical reimbursement now includes reimbursement for over-the-counter medicines such as paracetamol as well as cough and cold medicines.
- Hospitalization Leave: Employees who are hospitalized will now receive 12 days of hospitalization leave, in addition to their standard leave entitlements.
- Long Service Award: Employees who celebrate their 5th year anniversary with the Company and every 5 years thereafter will receive a cash award and a plaque in recognition of their service. The award applies to all employees, regardless of rank or category.
- Rice Allowance: Regular employees will receive an increase in their rice allowance and its payout was changed from quarterly to monthly.

Employee Training and Development

KPPI is committed to providing employee training and development by improving employee knowledge and skills which lead to better job performance, increased customer satisfaction and competitiveness.

Nurturing Talent Growth

KPPI places a strong emphasis on promoting social sustainability through the training and development of its employees. It continuously monitors courses and training programs offered by industry leaders, research and development groups as well as academic institutions, and recommends these programs to employees for their professional growth. KPPI recognizes the importance of investing in its staff's training and development for the success of both the individual and the Company. Currently, the Company offers health and wellness seminars, safety training, and technical training to increase job productivity, with plans to include additional ESG-oriented training in the future.

KPPI uses a standardized performance review process to evaluate each employee's technical proficiency and conduct, which is used to determine their training needs and capacities through surveys. Informal needs assessments are also conducted to support individual career advancement and identify areas for additional training.

During the reporting period, some of the key seminars and training sessions attended by employees include:

- *2022 Market Outlook/ Briefing*
- *Various Financial Literacy Webinars*
- *Mental Health and Emotional Well-being Seminar*
- *Anti-Money Laundering /Counter Terrorism Financing Fundamentals Webinar*
- *Targeted Financial Sanctions (TFS) Webinar*
- *Refresher Training on Compliance*
- *Annual Training and Declaration of Group Policies*
- *Various Corporate Governance Webinars*
- *Importance of ESG in Internal Audit*
- *Safety First Aid Training*
- *Fire and Earthquake Emergency Preparedness Refresher Training*
- *Various Tax Updates Webinar*
- *Annual Staff Conference*

In 2022, KPPI clocked a significant increase in the total training hours provided to employees. The Company's commitment to employee development and growth was evident as the training hours doubled, resulting in an increase of over 100% in the average training hours per employee. The return to normalcy post-pandemic enabled KPPI to provide more training opportunities to our employees due to the ease of access to both online and in-person training.

The Company’s fair employment practices include equal opportunity for employees to be considered for training and development based on their strengths and needs to help them achieve their full potential.

Employee Training Hours	Units	2021	2022
Total Training Hours Provided to Employees		278	575
a. Female Employee	Hours	188	346
b. Male Employee	Hours	90	229
Average Training Hours Provided to Employees		8.97	19.2

a. **Female Employees**	Hours/Employee	9.40	19.2
b. **Male Employees**	Hours/Employee	6.8	19.1

Diversity And Equal Opportunities

KPPI aims to promote diversity and provide equal opportunities which can lead to improved reputation and employee morale, and in turn, better customer satisfaction. KPPI stakeholders who can benefit from a more inclusive workplace culture and improved services include employees and customers.

Embracing Differences

KPPI is a responsible organization that strongly adheres to its values of merit-based hiring and zero tolerance for discrimination. The Company recognizes that diversity and inclusion are important aspects of a successful and inclusive workplace. Unethical labor practices are strictly not tolerated at any of KPPI's operations. KPPI supports the eradication of all exploitative work conditions as mentioned in the Labor Code of the Philippines.

Workforce Diversity	Units	2021	2022
Female Workers in the Workforce	%	64.52%	60%
Male Workers in the Workforce	%	35.48%	40%
Employees from Indigenous Communities and/ or Vulnerable Sector*	#	3	3

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*
Restatement of 2021 data: Employee from Vulnerable Sector – 3,
Instead of previously reported: Employee from Vulnerable Sector – 0
The restatement was made following KPPI's verification and correction of data provided from the previous year.

KPPI maintains an almost equal number of male and female employees in the Company, reflecting our commitment to gender diversity and avoidance of gender bias during recruitment. KPPI also demonstrates its commitment to fostering diversity by considering candidates from vulnerable sectors in the employment process.

Labor Laws And Human Rights

KPPI provides conducive workplaces for its employees. Its compliance with labor laws and human rights ensures a safe work environment for the employees and promotes ethical business practices which impacts KPPI employees, customers, and regulators.

Ethical Workplace

KPPI promotes a safe and ethical working environment for all employees, in accordance with the Labor Code of the Philippines. KPPI prohibits forced and child labor, and any violations of human rights standards. The Company takes proactive measures to ensure that our operations adhere to ethical labor practices which includes proper training for HR staff and Property and Operations Managers on handling workplace concerns, as well as having reporting lines in place where employees can report any breach or incident.

No cases of child or forced labor, or any human rights violations occurred within KPPI, workplace or our contractors in 2022. The Company has implemented measures such as strengthened recruitment screening processes and employee training programs to ensure its operations are free from any form of labor and human rights violations.

Legal Action / Grievance	Units	2021	2022
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

KPPI Policy / Topic	References
• **Forced Labor** • **Child Labor** • **Human Rights**	• As stated in the Health and Safety specifications for contractors, the Company prohibits any form of unethical labor practices such as child or forced labor, and human rights clauses. • Keppel Group's Corporate Statement on Human Rights

HEALTH, SAFETY & WELL-BEING

Workplace Safety and Health

KPPI's occupational health and safety covers the physical condition and actions of its workers, workplace, and health aspects during turn-over/ delivery and operations of the building to ensure workplace safety and to improve employee morale and productivity. Safe practices reduce potential risks including accidents, injuries and legal action. The stakeholders of KPPI affected are primarily the employees and government agencies responsible for enforcement.

Promoting Safety Culture

KPPI has adopted the "Keppel Zero Fatality Strategy," to reduce workplace fatalities to zero. The strategy's five strategic thrusts—building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonizing global safety practices and competency, and streamlining incident learning - are adhered by every employee, contractors and suppliers. In addition, KPPI undertakes several initiatives to promote safety, such as conducting safety workshops including high-risk activities during normal operations, training in critical incident response, safety drills, town hall meetings, and developing innovative solutions. The Company also took COVID-19 precautions by providing PPE, allowing remote work, promoting healthy protocols, and adhering to health *guidelines.*

KPPI continues to promote the Five Key Safety Principles - 1. Every incident is preventable; 2. Health, Safety and Environment (HSE) is an integral part of our business; 3. HSE is a line responsibility; 4. Everyone is empowered to stop any unsafe work; and 5. A strong safety culture is achieved through teamwork. KPPI ensures compliance to these principles among all employees and tenants.

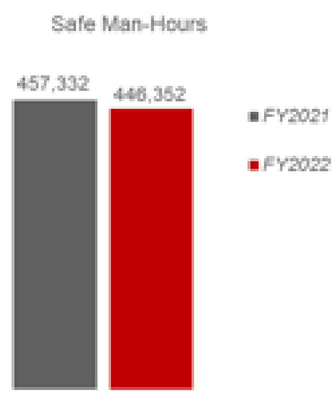
To further manage safety risks, KPPI established a nine-point system, which includes:

1. *Deliberation and review of work methodology and risk assessment*
2. *Permit system*
3. *Regular daily monitoring*
4. *Inspection*
5. *Safety briefing and induction*
6. *Medical clearances and annual medical examination*
7. *Training and drills (i.e., Fire Emergency Response Training and Emergency Evacuation Drill)*
8. *Stop Work Orders and Safety Time-Outs*
9. *Close involvement of frontline personnel or supervisor on actual safe work*

KPPI places a high value on safety and recognizes it as a core aspect of the operations. The Company is focused on building a high-performance safety culture, leveraging the knowledge and skills of our workers, and increasing the value of skilled and disciplined workers.

GSTO sessions attended by the housekeeping personnel and KPPI office staff.

The Global Safety Time-Out (GSTO) is a safety engagement program which aims to strengthen everyone's commitment to a safe and healthy workplace. Various GSTO sessions were conducted in the month of August and were extended until 16 September 2022 to accommodate tenant representatives and mall personnel. It was attended by a total of 458 participants, including all office staff and property personnel such as the security guards, housekeeping, and maintenance personnel. The participants took time off from their daily work routine and took part in a refresher session on basic safety concepts and practices.



In 2022, KPPI recorded a minor 2% dip in safe man-hours compared to the previous year because of the completion of the property and a decrease in base build personnel.

To ensure operational readiness of our personnel in handling emergencies, the Company conducted safety drills including Bomb Threat Simulation, Call Tree Actual Drill, Fire Emergency Actual Drill, Civil Disturbance Tabletop Drill, Earthquake Tabletop Drill and Fire Emergency Actual Drill. These drills are essential in the emergency and disaster preparedness of the employees and property personnel.

OHS Incidents and Drills	Units	2021	2022
No. of Work – Related Injuries	#	0	0
No. of Work – Related Fatalities	#	0	0
No. of Work – Related Ill-Health	#	0	0
No. of Safety Drills	#	4	6

CUSTOMER MANAGEMENT

Customer Satisfaction

KPPI strives to improve its services to positively impact its customers. An increase in brand reputation and customer loyalty lead to more referrals and repeat customers which increase Company revenue and profits. To preserve a positive reputation and business success, KPPI gives priority to, regularly assesses, and enhances customer satisfaction.

Enhancing Customer Engagement

The KPPI leasing process flow has been established to provide clear and comprehensive guidance for essential interactions between tenants and the Company. Tenants are expected to acknowledge and sign this process flow to effectively manage their expectations. This procedure reflects an honest and open business practice, helping maintain a positive relationship with tenants.

Feedback from tenants at The Podium Complex is promptly shared with KPPI, which is responsible for addressing the concerns and implementing improvements.

To continuously enhance the tenant experience and support their growth within our spaces, KPPI plans to regularly conduct customer satisfaction surveys and effectively engage with tenants through both online and offline methods. The objective is to gain a deeper understanding of the tenants' needs, preferences, and expectations, which helps KPPI to tailor services accordingly.

KPPI has initiated an internal customer satisfaction survey to gauge the level of satisfaction among our tenants. The tenants of The Podium West Tower were asked to participate in the survey and provide their feedback. The scores and results will be internally used to improve the services provided to tenants.

	Score (%)	Third-party conduct the customer satisfaction study
Customer Satisfaction	85%	No

Health And Safety

KPPI focuses on health and safety in our real estate development and property management practices to positively impact customers by providing them with secure and healthy spaces. This, in turn, can attract and retain more tenants and investors, increasing the demand for KPPI's properties and services.

Secure and Healthy Spaces

The safety of customers and tenants is KPPI's top priority, and the Company takes all necessary measures to prevent potential hazards. Periodic inspections and maintenance of facilities and equipment are conducted by qualified specialists to ensure proper implementation of all relevant safety standards.

In addition, KPPI continues to maintain precautionary measures from the pandemic, including increased cleaning and sanitization and use of UV sanitizers. While wearing of face masks is voluntary, temperature checks and alcohol stands are still in place to ensure the safety of everyone.

Health And Safety Complaints	Units	2021	2022
No. of Substantiated Complaints on Product or Service Health and Safety	#	0	3
No. of Complaints Addressed	#	Not Applicable	3

KPPI was made aware of three Health and Safety related complaints around the property premises. Our prompt and thorough response ensured that all these complaints were addressed and resolved in a timely manner. KPPI has maintained a 100% resolution rate for all Health and Safety related concerns raised during the reporting period.

Marketing And Labelling

Marketing and labelling play a significant role in the success of real estate development and property management. A strong and clear marketing strategy can help increase brand recognition and attract potential clients, while proper labelling can help to ensure transparency and accountability. However, there are also potential negative impacts and risks such as false advertising which can lead to dissatisfied customers and damage to the Company's reputation.

To protect customers' trust in the brand, KPPI put in place measures to ensure accuracy of content, and facts are verified with the management before any public dissemination of such materials.

Brand Transparency and Accountability

KPPI is committed to maintaining strong relationships with its stakeholders. Its marketing strategy is designed to reflect these values, emphasizing transparency and accuracy in promotions to build trust with potential tenants and other stakeholders. Before any information is released to the public, it undergoes a thorough review process to ensure accuracy. The Company handles tenant expectations proactively, providing clear explanations of rules and requirements before contracts are signed with clients and gives them a tour of the area to help them make informed decisions.

KPPI also places a strong emphasis on green building standards, and highlights the Company's expectations and requirements for sustainable practices including energy efficiency and environmentally friendly practices.

Marketing and Labelling Complaints	Units	2021	2022
No. of Substantiated Complaints on Marketing and Labelling	#	0	1
No. of Complaints Addressed	#	Not Applicable	1

In 2022, following feedback regarding a lost item at the bicycle parking area inside the property, KPPI strengthened the security measures in the parking area including the installation of CCTV cameras and clearer signage to remind bicycle owners to look after their property.

COMMUNITY DEVELOPMENT

Relationship with Communities

KPPI conducts a well-planned and well-executed community relationship program that enhances community relations and positively impacts its chosen beneficiaries.

Creating Positive Impact

KPPI understands the importance of community relations and corporate social responsibility. As a responsible corporate citizen, the Company strives to make a positive impact on the communities where it operates. KPPI conducts activities to help build and maintain a positive relationship with the community. This includes initiatives such as sponsorships, charity donations and community events. KPPI is actively involved in supporting local organizations and initiatives that align with its values and priorities. The Company recognizes that its success is closely tied to the well-being of the communities wherever it operates, and as such, it is committed to making a positive impact through its community relations efforts.

KPPI operates in an ethical and sustainable manner, considering the impact of its activities on society, the environment, and its stakeholders. KPPI recognizes its responsibility to minimize its negative impact on the environment and to promote sustainability in its operations. It implements environmentally friendly practices and invests in sustainable technologies, which not only benefits the Company, employees and tenants but also the surrounding community. Through these responsible and conscientious practices together with community and CSR efforts, KPPI aims to make a positive impact on society and the environment.

On 25th of August 2022, KPPI brought joy to the Aeta children of Diaz Elementary School in Porac, Pampanga. The school was affected by a catastrophic earthquake in 2019, which damaged the school facilities and disrupted lives in the community. The National Government, through the Department of Education, provided temporary learning spaces for the school to continue its operations. KPPI donated essential items like television, chairs, hygiene essentials, food, clothing, toys and goodie bags filled with delightful treats.

KEPPEL PHILIPPINES PROPERTIES, INC.
INDEX TO EXHIBITS
SEC FORM 17-A

No.		Page No.
(1)	Publication of Notice re: Filing	NA
(2)	Underwriting Agreement	NA
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	NA
(4)	Articles of Incorporation and By-Laws	NA
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	NA
(6)	Opinion Re: Legality	NA
(7)	Opinion Re: Agreement	NA
(8)	Voting Trust Agreement	NA
(9)	Material Contracts	NA
(10)	Annual Report to Security Holders, Form 11- Q or Quarterly Report to Security Holders	NA
(11)	Material Foreign Patents	NA
(12)	Letter Re: Unaudited Interim Financial Information	NA
(13)	Letter Re: Change in Certifying Accountant	NA
(14)	Letter Re: Director Resignation	NA
(15)	Letter Re: Change in Accounting Principles	NA
(16)	Report Furnished to Security Holders	NA
(17)	Other Documents Or Statements to Security Holders	NA
(18)	Subsidiaries of the Registrant	see last page
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
(20)	Consents of Experts and Independent Counsel	NA
(21)	Power of Attorney	NA
(22)	Statements of Eligibility of Trustee	NA
(23)	Exhibits to be Filed with Bonds Issues	NA
(24)	Exhibits to be Filed with Stocks Options Issues	NA
(25)	Exhibits to be Filed by Investment Companies	NA
(26)	Curriculum Vitae and Photographs of Officers and Members of the Board of Directors	NA
(27)	Copy of Board of Investment Certificate in the case of Board of Investment Registered Companies	NA
(28)	Authorization to Commission to Access Registrant’s Bank Accounts	NA
(29)	Additional Exhibits	NA

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Name	Country of Incorporation	Business	Percentage of Ownership
CSRI Investment Corporation	Philippines	Investment in securities and condominium units	100%
Buena Homes Inc.	Philippines	Property holding and development	100%