COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

PW-305

Company Name

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

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

26th Floor, The Podium West Tower ADB Avenue, Wack-Wack Greenhills East, Mandaluyong City 1555

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) 8539-0460	0917-8500380

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,214	06/14	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@keppel.com	(632) 8539-0460	0943-2569089

Contact Person's Address

26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills East, 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, 2023**

2. SEC Identification Number **PW305**

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

KEPPEL PHILIPPINES PROPERTIES, INC.

4. Exact name of registrant as specified in its charter

Philippines

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

6. Industry Classification Code: (SEC Use Only)

26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills East, Mandaluyong City, 1555

7. Address of registrant's principal office Postal Code

(632) 8539-0460 loc. 4990

8. Registrant's telephone number, including area code

Not applicable

9. 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:

₱266,927,880

DOCUMENTS INCORPORATED BY REFERENCE

14. Consolidated Audited Financial Statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 (incorporated as reference to item 9 of SEC Form 17-A)

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

KPPI is also listed in the Philippine Stock Exchange (PSE). Its immediate parent company is Keppel Management Ltd. (KML; previously known as Keppel Land Limited) and the ultimate parent company is Keppel Ltd. (KL, previously known as Keppel Corporation Limited), both incorporated in Singapore. KL is listed on the Singapore Exchange Securities Trading Limited.

Subsidiaries

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

On December 2, 2022, CSRI's Board of Directors approved the dissolution through shortening of CSRI's corporate term effective on January 31, 2024 which was approved by the SEC on February 3, 2023. As at date, CSRI is in the process of its liquidation and application for closure with the relevant local government units and with the Bureau of Internal Revenue (BIR).

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

On November 14, 2023, BHI's Board of Directors approved the dissolution through shortening of BHI's corporate term effective on January 31, 2025 which was approved by the SEC on January 31, 2024.

Associates

Opon Realty and Development Corporation ("ORDC"), 40% owned by KPPI, was incorporated in the Philippines on March 31, 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 September 14, 1993 with the same purpose as ORDC.

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

Joint Venture

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

On March 25, 2023, a Share Purchase Agreement was executed between the stockholders of SMKL for KPPI and OKEP to sell all its redeemable preferred shares and common shares in SMKL constituting 40% and 10% interest held in SMKL, respectively to BDO Unibank, Inc. ("Divestment"). Completion of the Divestment had been subjected to the satisfaction of conditions precedent (including but not limited to the obtaining of the requisite regulatory approvals and shareholders' approval of KPPI and OKEP).

On December 22, 2023, the Divestment was completed and SMKL has ceased to be an associated company of KPPI and OKEP.

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

Business

Prior to the Divestment, KPPI, through SMKL, is engaged in real estate development and leasing of office and commercial buildings, and renders property management consultancy services to SMKL.

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 SMKL, KPPI considers the following as the industry's key players in terms of commercial developments:

	3Q2023 Income to date *In Php Billions*
SM Prime Holdings, Inc.	30.77
Ayala Land Inc.	20.94
Robinson's Land Corporation	9.86

Source: Published corporate disclosures.

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 the 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 provides management and advisory, and franchise services to SMKL based on agreed rates. The related service agreements were terminated effective December 22, 2023 due to the Divestment.

b. 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. The related service agreement was terminated effective on January 1, 2023.

c. KPPI extends operating advances to its subsidiaries and associates.

d. KPPI receives support services from its affiliate, Keppel Land (Regional Investments) Pte. Ltd. and ultimate parent company, Keppel Ltd.

e. 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 SMKL, has accordingly complied with all applicable laws and regulations as mandated by the government.

Employees

KPPI has a total of 5 employees as at December 31, 2023 with breakdown as follows:

	No. of Employees
Senior Management	2
Finance and Accounting	2
Internal Audit	1
Total	**5**

No significant hiring or recruitment is expected for year 2024.

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

Prior to the Divestment on December 22, 2023, KPPI joint venture's investments in real estate properties is as follows:

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.

As at December 31, 2023, KPPI does not own any real estate properties.

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

a.) Market Information

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

STOCK PRICES	2024		2023		2022	
	Low	High	Low	High	Low	Low
First Quarter	₱7.22	₱8.48	₱4.50	₱4.70	₱2.90	₱3.00
Second Quarter	-	-	5.60	7.73	2.85	2.90
Third Quarter	-	-	5.70	6.99	3.89	3.90
Fourth Quarter	-	-	6.50	6.90	3.97	3.99

KPPI's common shares were last traded on December 20, 2023 at ₱6.90 per share.

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.

b.) Holders

There were 1,214 shareholders on record and 293,828,900 common shares outstanding, with KPPI's top 20 stockholders as at December 31,2023 as follow:

	Name	No. of Shares Held	% to Total
1.	Keppel Management Ltd. (previously known as Keppel Land Limited)	148,365,050	50.49
2.	Kepwealth, Inc.	51,033,178	17.37
3.	Keppel Ltd. (previously known as Keppel Corporation Limited)	35,783,742	12.18
4.	Molten Pte Ltd.	19,951,723	6.79
5.	PCD Nominee Corporation - Filipino	16,163,801	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	1,457,323	0.50
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

c.) Dividends

There are no cash dividends declared from 2003 to year 2023 as KPPI's retained earnings are restricted for the portion of undistributed share in results of associates and cost of treasury shares. KPPI intends to declare cash dividends in year 2024.

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 and advisory, and franchise services to associates.

Year Ended December 31, 2023 Compared To 2022

The net income for the year ended December 31, 2023 increased by ₱2,745.9 million, from ₱542.2 million to ₱3,288.1 million mainly due to the ₱2,681.6 million net gain from the Divestment on December 22, 2023. Other reasons for the increase in net income are as follows.

- Changes in **SHARE IN NET INCOME OF ASSOCIATES AND JOINT VENTURE** from year to year are dependent upon the results of the operations of the associates. The share in net income for the year 2023 is higher by ₱58.4 million from a share in net income of ₱555.7 million to ₱614.1 million in 2023.

- Increase in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱4.7 million from ₱40.8 million in 2022 to ₱45.5 million in 2023 mainly attributable to the increase in fees from SMKL. Fees are charged based on SMKL's net rental revenue which has increased in 2023.

- Increase in **INTEREST INCOME** by ₱9.5 million from ₱0.7 million in 2022 to ₱10.2 million in 2023 due to the increase in amount of short-term deposits arising from the cash proceeds from the Divestment and its related interest rates.

- Increase in **OTHER INCOME, NET** by ₱3.2 million from ₱2.1 million in 2022 to ₱5.3 million in 2023 mainly due to lower foreign exchange loss recognized in 2023 as a result of appreciation of Philippine peso against Singapore dollars on its Singapore dollar-denominated transactions.

The aforementioned increase in net income was partially offset by the increase in **GENERAL AND ADMINISTRATIVE EXPENSES** by ₱9.5 million from ₱54.7 million in 2022 to ₱64.2 million in 2023 mainly due to higher taxes and licenses incurred from the payment of tax assessment fees for the taxable years 2017 and 2018, higher salaries, wages and benefits from accrual of bonuses, higher professional fees related to the Divestment. The said increases in expenses were partially offset by the decline in management consultancy fees with SMPM due to the termination of related agreement effective on January 1, 2023 and decline in depreciation due to full depreciation and disposal of assets in 2023.

Year Ended December 31, 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 short-term 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 December 31, 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 NET INCOME OF ASSOCIATES AND JOINT VENTURE** 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.

KEY PERFORMANCE INDICATORS

	2023*	2022	2021	2020
Return on assets [1]	(0.10%)	(0.42%)	(1.05%)	5.03%
Earnings (loss) per share from continuing operations[2]	(₱0.02)	(₱0.05)	(₱0.10)	(₱0.16)
Earnings (loss) per share from discontinued operations[2]	₱11.21	₱1.89	₱1.89	(₱0.15)
Earnings (loss) per share from operations[2]	₱11.19	₱1.85	₱1.79	(₱0.30)
Net tangible asset value per share [3]	₱16.12	₱9.79	₱7.94	₱6.15
Working capital ratio [4]	178.77:1	2.73:1	2.87:1	2.36:1
Debt-to-equity ratio [5]	0.14:1	0.01:1	0.02:1	0.03:1

[1] *Net income (loss) from continuing operations divided by Average total assets*

[2] *Net income (loss) from continuing/discontinued/overall operations 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. The significant increase in this ratio resulted from the cash proceeds from the Divestment.*

[5] *Total liabilities divided by total equity*

B. Financial Condition

Year Ended December 31, 2023 Compared To 2022

TOTAL ASSETS increased by ₱4,221.8 million from ₱3,517.5 million in 2022 to ₱7,739.3 million in 2023. The significant changes in account balances during the period are as follows:

- **CASH AND CASH EQUIVALENTS** increased by ₱6,507.0 million mainly due to proceeds from the Divestment.

- **RECEIVABLES** increased by ₱18.7 million due to accrual of interest income from KPPI's short-term deposits and outstanding receivable from the Divestment.

- **DUE FROM RELATED PARTIES** decreased by ₱4.9 million due to collection in 2023 of prior year outstanding advances from OKEP and reclassification to Receivables of the outstanding advances from SMKL. After the Divestment, SMKL ceased to be associated with the Parent Company.

- **PREPAYMENTS AND OTHER CURRENT ASSETS, AND OTHER NON-CURRENT ASSETS** increased by ₱1.8 million mainly due to unutilized creditable withholding taxes related to the management consultancy and franchise fees.

- **INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE** decreased by ₱2,288.6 million due to derecognition of the Group's investment in SMKL due to the Divestment.

- **RIGHT-OF-USE ASSET, NET AND REFUNDABLE DEPOSITS** decreased by ₱12.3 million due to the pre-termination of the Parent Company's office space lease contract effective July 15 2023.

- **DEFERRED INCOME TAX ASSETS** increased by ₱1.3 million due to reduced deferred tax liabilities related to retirement benefit asset and right-of-use asset and lease liability.

TOTAL LIABILITIES increased by ₱933.4 million from ₱46.6 million in 2022 to ₱980.0 million in 2023 mainly due to the capital gains tax payable and provision for transaction cost arising from the Divestment.

TOTAL EQUITY increased by ₱3,288.4 million from ₱3,470.9 million in 2022 to ₱6,759.3 million in 2023 due to the net income during the year.

Year Ended December 31, 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.

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

a) As at December 31, 2023:

- There are no known material commitments for capital expenditures.
- On March 25, 2023, a Share Purchase Agreement was executed between the stockholders of SMKL for KPPI and OKEP to sell all its redeemable preferred shares and common shares in SMKL constituting 40% and 10% interest held in SMKL, respectively to BDO Unibank, Inc. ("Divestment"). Completion of the Divestment is subject to the satisfaction of conditions precedent (including but not limited to the obtaining of the requisite regulatory approvals and shareholders' approval of KPPI and OKEP). On December 22, 2023, the Divestment was completed and SMKL has ceased to be an associated company of KPPI and OKEP. The Group recognized a net gain amounting to P2.681.6 million from this Divestment.
- There are no other 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.
- The significant element of income or loss that did not arise from the Group's continuing operations is the net gain from the Divestment.
- 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.

8. INFORMATION ON EXTERNAL AUDITORS

Total audit fees paid by the Group to the external auditors amounted to ₱1,393,005 in 2023.

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 2023 includes ₱401,184 for tax retainer services and CGT and CAR processing.

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, 49

Mr. Tan Kuang Liang, 49, Singaporean, was elected as Chairman of the Board of Directors and President of KPPI effective February 10, 2023 succeeding the then President Mr. Ng Kwang Keng Samuel Henry who resigned effective February 10, 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 KML. Prior to joining KML, 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, 75

Mr. Ramon J. Abejuela, 75, 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, 77

Mr. Celso P. Vivas, 77, 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, 52

Ms. Kang Siew Fong, 52, Singaporean was elected as Director of the Company on June 10, 2022. She was appointed as Country Head of the Company to oversee KML's business in the Philippines on May 2022.

Ms. Kang joined KML 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 KML, 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, 51

Mr. Stefan Tong Wai Mun, 51, 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, 50

Ms. Tan Boon Ping, 50, Singaporean, was elected as a Director of KPPI on January 14, 2019. Ms. Tan joined KML in December 2008 as Financial Controller, overseeing the Group consolidation and reporting for KML. 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, KML.

Prior to joining KML, 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, 50

Mr. Yong Ngai Soon, 50, Singaporean, was elected as a Director of KPPI on May 29, 2020. Mr. Yong joined KML in January 2019 as Financial Controller. His professional background includes various industries such as Audit, Information Technology, and Real Estate.

Prior to joining KML, 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 2023 until the date of this report

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

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

Mr. Ng joined KML 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.

Key Officers

(1) Tan Kuang Liang, 49 *(See foregoing director's profile)*

(2) Kang Siew Fong, 52 *(See foregoing director's profile)*

(3) Jona Arrol V. Cabrera, 32

Ms. Jona Arrol V. Cabrera, 32, Filipino, joined the Company in May 2021 as Finance Deputy Manager and was appointed as Treasurer effective June 10, 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, 64

Atty. Maria Melva E. Valdez, 64, Filipino, has been the Corporate Secretary of KPPI since 1999. Atty. Valdez also served as Director of KPPI from June 24, 2008 to June 11, 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, 41

Pamela Ann T. Cayabyab, 41, 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 2023 until date of this report

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

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 four (4) executive officers as at December 31, 2023:

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			
Tan Kuang Liang *(Chairman of the Board of Directors and President)* 1) Kang Siew Fong *(Country Head)* 2) Jona Arrol V. Cabrera *(Treasurer)* 3) Kimberly Escolano *(Internal Auditor)*					
	2024 (Estimate)	2.16	1.37	0.39	3.92
	2023	16.95	8.80	0.53	26.28
Aggregate compensation of the President and top four Executive Officers	2022	16.38	2.83	0.89	20.10

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 ₱120,000 each per annum. Payment of directors' fee of ₱120,000 per director for 2023 will be presented to the stockholders for approval at the annual stockholders' meeting. Each director also receives an amount of ₱12,000 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 December 31, 2023, KPPI has no knowledge of any individual or any party who beneficially owns KPPI 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 Management Ltd. (previously known as Keppel Land Limited) [1] 1 HarbourFront Avenue #18-01 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 Ltd. (previously known as Keppel Corporation Limited) [3] 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632 (Stockholder)	Same as Record Owner	Singaporean	35,783,742	12.18%
Common Shares of Stock	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	16,163,801	5.50%

1. Mr. Tan Kuang Liang is authorized as proxy to vote for the shareholdings of Keppel Management Ltd.
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 Ltd. 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 December 31, 2023, 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	Tan Kuang Liang *(effective February 10, 2023)*	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, 2023, 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 KML, who owns 50.49% of KPPI's capital stock.

Details of KPPI's related party transactions are explained in Note 12 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 have attended and actively participated in the Corporate Governance Seminars held annually.

KPPI submitted its Integrated Annual Corporate Governance Report to SEC and PSE on May 30, 2023.

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
February 10, 2023	Resignation of Mr. Ng Kwang Keng 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 February 10, 2023
March 3, 2023	Approval of KPPI's Audited Financial Statements, Annual Report and Sustainability Report as of and for the year ended December 31, 2022
March 25, 2023	Sale of KPPI's shares in SM Keppel Land, Inc.
March 25, 2023	Board approval of the amendment of the Seventh Article of KPPI's Articles of Incorporation
March 30, 2023	Amendment of KPPI's By-Laws
May 8, 2023	Results of the Regular Meeting of the Board of Directors
May 8, 2023	Results of the Annual Stockholders' Meeting
May 8, 2023	Results of the Organizational Meeting of the Board of Directors
September 15, 2023	Approval of change in the business address and contact information of Keppel Philippines Properties, Inc.
October 20, 2023	Payment of penalties assessed by the Corporate Governance and Finance Department of the Securities and Exchange Commission
November 14, 2023	Approval of Quarterly Financial Statements (SEC Form 17-Q)
November 14, 2023	Approval of the dissolution of Buena Homes, Inc.
November 20, 2023	SEC's approval of the amendment of the Seventh Article of KPPI's Articles of Incorporation
December 22, 2023	Completion of sale of all KPPI's shares in SM Keppel Land, Inc. and

Date of Report	Events Reported
	Approval of full redemption in year 2024 of KPPI's redeemable preferred shares (RPS) and appropriation of Retained Earnings corresponding to the accumulated annual premium of the RPS
January 15, 2024	Update on the completion of sale of all KPPI's shares in SM Keppel Land, Inc.
January 31, 2024	Correction of typographical error in KPPI's contact information.
March 13, 2024	Dissolution of wholly-owned subsidiary, CSRI Investment Corporation
March 15, 2024	Reply to the queries of Philippine Stock Exchange regarding the dissolution of CSRI Investment Corporation

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 Mandaluyong on March 26, 2024.

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 APR 05 2024 day PASIG CITY of 2024 affiant (s) exhibiting to me his/their Tax Identification Numbers, as follows:

Names	TIN
Tan Kuang Liang	621-427-742
Jona Arrol V. Cabrera	310-005-752
Ma. Melva E. Valdez	123-493-209
Pamela Ann T. Cayabyab	261-406-160

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Book No. XXIII
Series of 2024.

ATTY. ANTONIO B. BETITO
Notary Public-Pasig City
Commission No.97(2023-2024)
709 Mega Plaza, ADB Ave.,Pasig City
Attorney's Roll No. 27614
IBP No. 393237/1/03/24/Rizal
PTR No.0173844/1/04/24/Pasig City
MCLE Compliance No. VII-0008638 April 24, 2025

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

Financial Statements

Supplementary Schedules

Keppel Philippines Properties, Inc.
26th Floor The Podium West Tower ADB Avenue,
Wack-Wack Greenhills Mandaluyong City 1555, Philippines
T +63 (02) 8539 0460 keppel.com
SEC No. PW - 305

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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, 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 26th day of March 2024

APR 11 2024

SUBSCRIBED AND SWORN TO BEFORE ME, this ______________ 2024, affiants exhibited to me their Tax Identification Numbers:

1. Tan Kuang Liang	621-427-742
2. Jona Arrol V. Cabrera	310-005-752

NOTARY PUBLIC

Doc. No. 494;
Page No. 100;
Book No. XXIII;
Series of 2024.

ATTY. ANTONIO B. BETITO
Notary Public-Pasig City
Commission No.97(2023-2024)
709 Mega Plaza, ADB Ave.,Pasig City
Attorney's Roll No. 27614
IBP No. 393237/1/03/24/Rizal
PTR No.0173844/1/04/24/Pasig City
MCLE Compliance No. VII-0008638 April 24, 2025

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

PW-305

COMPANY NAME

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

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

26th Floor, The Podium West, 12 Tower, ADB Avenue, Wack-Wack Greenhills, 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)
1,214	06/14	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@keppel.com	8539-0460	0943-2569089

CONTACT PERSON's ADDRESS

26th Floor, The Podium West Tower, ADB Avenue, Wack Wack Greenhills, Mandaluyong City, 1555

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.
26th Floor, The Podium West Tower, ADB Avenue
Wack-wack Greenhills East, Mandaluyong City

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. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2023 and 2022, and their consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2023 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, 2023 and 2022;
- the consolidated statements of income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

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 Code of Ethics.

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 judgments; 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.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Impairment assessment of an investment in associates Impairment assessment of an investment in associates requires the Group to make an estimation that can materially affect the consolidated financial statements. The investment in associates represents 13% of the Group's consolidated total assets. Impairment of an investment in associates is assessed in accordance with the guidance set in Philippine Accounting Standards (PAS) 36, Impairment of assets. Refer to Note 7 for the disclosures of the Group's investment in associates and to Note 20.1 (b) for the disclosures on accounting estimates.	We obtained an understanding of management's impairment assessment process, including key assumptions used, in determining the recoverable amount of the investment in associates based on the fair value less cost of disposal. We evaluated the combined assets and liabilities of the investee companies, which constitutes the fair value less cost of disposal, through the validation of the significant individual assets and liabilities of the investee companies by inspecting their individual audited financial information and assessing the fair value approximation of the individual assets and liabilities based on their substantially short-term nature. Also, we assessed the reasonableness of management's estimation of fair value less cost of disposal by applying varying assumptions on the recoverability of the individual assets and liabilities.

The key audit matter identified in our audit pertains to impairment of investment in associates.

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) and SEC Form 17-A or Annual Report, but do not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A or 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 audits of the consolidated financial statements, our responsibility is to read the other information identified above when these become available and, in doing so, consider whether the other information are materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A or Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the 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 group audit. We remain solely responsible for our audit opinion.

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

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

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
Imelda Dela Vega-Mangundaya.

Isla Lipana & Co.

Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 0090670
PTR No. 0024586, issued on January 12, 2024, Makati City
TIN 152-015-124
BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 26, 2024

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc.
26th Floor, The Podium West Tower, ADB Avenue
Wack-wack Greenhills East, Mandaluyong City

We have audited the consolidated financial statements of Keppel Philippines Properties, Inc. (the “Parent Company”) and its subsidiaries (together, the “Group”) as at and for the year ended December 31, 2023, on which we have rendered the attached report dated March 26, 2024. The supplementary information shown in the Reconciliation of the Parent Company’s Retained Earnings for Dividend Declaration as at December 31, 2023, Map of Relationships of the Companies within the Group as at December 31, 2023, and Schedules A, B, C, D, E, F and G as at December 31, 2023 as additional components required by the Revised 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 is 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 has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 0090670
PTR No. 0024586, issued on January 12, 2024, Makati City
TIN 152-015-124
BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 26, 2024

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Keppel Philippines Properties, Inc.
26th Floor, The Podium West Tower, ADB Avenue
Wack-wack Greenhills East, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Properties, Inc. and its subsidiaries (together, the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 26, 2024. 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 Rule 68 of the SRC 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

Isla Lipana & Co.

Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 0090670
PTR No. 0024586, issued on January 12, 2024, Makati City
TIN 152-015-124
BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 26, 2024

Keppel Philippines Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	2	6,546,707,097	39,719,571
Receivables, net	3	20,772,123	9,108,585
Due from related parties	12	3,377,434	8,295,274
Prepayments and other current assets	4	27,039,954	52,603,173
		6,597,896,608	109,726,603
Current asset - discontinued operation			
Receivable from sale of investment in joint venture	6	6,994,777	-
Total current assets		6,604,891,385	109,726,603
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	7	1,025,684,477	3,314,295,930
Deferred income tax assets, net	15	1,678,707	413,129
Property and equipment, net	9	197,222	486,139
Right-of-use asset, net	8	-	12,254,677
Refundable deposits	8	-	542,418
Retirement benefit asset, net	17	-	243,715
Other non-current assets	4	27,351,277	-
Total non-current assets		1,134,423,913	3,407,748,238
Total assets		7,739,315,298	3,517,474,841
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	10	15,527,087	11,146,846
Due to related parties	12	21,420,000	23,412,776
Lease liabilities, current portion	8	-	5,589,372
		36,947,087	40,148,994
Current liabilities - discontinued operation			
Provision for transaction cost	6	33,760,000	-
Capital gains tax payable	6	909,280,125	-
Total current liabilities		979,987,212	40,148,994
Non-current liabilities			
Lease liabilities, net of current portion	8	-	6,448,054
Total liabilities		979,987,212	46,597,048
Equity	11		
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
Retained earnings		5,803,006,214	2,512,873,373
Total equity		6,759,328,086	3,470,877,793
Total liabilities and equity		7,739,315,298	3,517,474,841

(The notes on pages 1 to 47 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, 2023
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
Income				
Share in net income (loss) of associates	7	2,062,241	(74,677)	1,432,288
Management consultancy and franchise fees	12	45,516,132	40,811,927	26,675,523
Interest income	2	10,161,478	729,049	310,301
Income from continuing operations		57,739,851	41,466,299	28,418,112
General and administrative expenses	13	(64,172,072)	(54,682,267)	(59,139,193)
Other income, net	14	5,258,804	2,146,282	4,560,228
Net loss before income tax from continuing operations		(1,173,417)	(11,069,686)	(26,160,853)
Income tax expense	15	(4,288,338)	(2,534,233)	(2,393,980)
Net loss from continuing operations		(5,461,755)	(13,603,919)	(28,554,833)
Income from discontinued operation				
Share in net income of associates and joint venture	7	611,987,876	555,771,026	554,214,497
Gain on sale of investment in joint venture, net of taxes	6	2,681,571,638	-	-
		3,293,559,514	555,771,026	554,214,497
Net income for the year		3,288,097,759	542,167,107	525,659,664
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Share in remeasurements gain from associate and joint venture	7	-	281,928	481,488
Remeasurement gain on retirement benefit obligation plan	17	-	7,946	625,449
Deferred income tax relating to remeasurement gains	17	352,534	(1,987)	(117,525)
		352,534	287,887	989,412
Total comprehensive income for the year		3,288,450,293	542,454,994	526,649,076
Basic loss per share from continuing operations	16	(0.02)	(0.05)	(0.10)
Basic earnings per share from discontinued operation	16	11.21	1.89	1.89
Basic earnings per share	16	11.19	1.85	1.79

(The notes on pages 1 to 47 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, 2023
(All amounts in Philippine Peso)

	Share capital				Other reserves		Retained earnings			
	Common (Note 11)	Preferred (Note 11)	Share premium (Note 11)	Treasury shares (Note 11)	Remeasurement on retirement benefit obligation (Notes 11 and 17)	Share in remeasurements of an associate and joint venture (Notes 11 and 17)	Appropriated (Note 11)	Unappropriated (Note 11)	Total retained earnings	Total equity
Balances at January 1, 2021	296,629,900	59,474,100	602,885,517	(2,667,645)	543,718	(138,469)	2,667,645	1,442,378,957	1,445,046,602	2,401,773,723
Comprehensive income										
Net income for the year	-	-	-	-	-	-	-	525,659,664	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	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**	**2,667,645**	**1,968,038,621**	**1,970,706,266**	**2,928,422,799**
Comprehensive income										
Net income for the year	-	-	-	-	-	-	-	542,167,107	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	542,167,107	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**	**2,667,645**	**2,510,205,728**	**2,512,873,373**	**3,470,877,793**
Comprehensive income										
Net income for the year	-	-	-	-	-	-	-	3,288,097,759	3,288,097,759	3,288,097,759
Other comprehensive income	-	-	-	-	352,534	-	-	-	-	352,534
Total comprehensive income for the year	-	-	-	-	352,534	-	-	3,288,097,759	3,288,097,759	3,288,450,293
Transactions with owners										
Appropriation for the annual premiums on redeemable preferred shares	-	-	-	-	-	-	1,427,378,400	(1,427,378,400)	-	-
Transfer to retained earnings	-	-	-	-	(1,410,135)	(624,947)	-	2,035,082	2,035,082	-
Balances at December 31, 2023	**296,629,900**	**59,474,100**	**602,885,517**	**(2,667,645)**	**-**	**-**	**1,430,046,045**	**4,372,960,169**	**5,803,006,214**	**6,759,328,086**

(The notes on pages 1 to 47 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, 2023
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
(Loss) income before income tax				
Continuing operations		(1,173,417)	(11,069,686)	(26,160,853)
Discontinued operation	6	4,202,839,639	555,771,026	554,214,497
Income before income tax		4,201,666,222	544,701,340	528,053,644
Adjustments from continuing operations:				
Depreciation and amortization expense	8, 9, 13	2,877,742	6,951,284	9,710,968
Retirement benefit expense	13, 17	876,871	299,333	364,806
Interest expense on lease liabilities	8,14	290,370	422,104	265,850
Unrealized foreign exchange loss	19	-	-	372,850
Gain on sale of property and equipment	9, 14	(281,117)	(2,300)	-
Gain from termination of lease	8	(416,294)	-	-
Gain on reversal of liabilities	10, 14	(1,154,752)	(1,784,328)	(310,975)
Interest income	2	(10,161,478)	(729,049)	(310,301)
Share in net income of associates	7	(2,062,241)	74,677	(1,432,288)
Adjustments from discontinued operation:				
Share in net income of associates and joint venture	7	(611,987,876)	(555,771,026)	(554,214,49)
Gain on sale of investment in joint venture	6	(3,590,851,763)	-	-
Operating loss before working capital changes		(11,204,316)	(5,837,965)	(17,499,943)
Decrease (increase) in:				
Receivables, net		(2,835,495)	277,633	(8,069,519)
Due from related parties		4,917,840	931,390	2,491,730
Prepayments and other current assets		(2,356,222)	(2,017,292)	(4,989,171)
Increase (decrease) in:				
Accounts payable and other current liabilities		5,219,993	(11,012,108)	5,654,735
Due to related parties		(1,992,776)	(22,007,193)	9,046,125
Net cash used in operations		(8,250,976)	(39,665,535)	(13,366,043)
Interest received		2,360,311	705,380	310,301
Contribution to the retirement plan		(633,156)	-	-
Income tax paid		(4,633,218)	(145,811)	-
Net cash used in operating activities		(11,157,039)	(39,105,966)	(13,055,742)
Cash flow from investing activities				
Proceeds from sale of property and equipment	9	353,200	2,300	-
Acquisition of property and equipment	9	(34,906)	(111,965)	(93,212)
(Increase) decrease in refundable deposits		-	(489,118)	1,460,512
Discontinued operation:				
Proceeds from sale of investment in joint venture	6	6,521,682,726	-	-
Payment of transaction costs related to the sale of an investment in joint venture	6	(1,089,170)	-	-
		6,520,593,556	-	-
Net cash provided by (used in) investing activities		6,520,911,850	(598,783)	1,367,300
Cash flows from financing activities				
Payments for the principal portion of lease liabilities	8	(2,476,915)	(4,187,530)	(5,308,133)
Payments for the interest portion of lease liabilities	8	(290,370)	(422,104)	(265,850)
Net cash used in financing activities		(2,767,285)	(4,609,634)	(5,573,983)
Net increase (decrease) in cash and cash equivalents		6,506,987,526	(44,314,383)	(17,262,425)
Cash and cash equivalents at January 1		39,719,571	84,033,954	101,296,379
Cash and cash equivalents at December 31	2	6,546,707,097	39,719,571	84,033,954

(The notes on pages 1 to 47 are an integral part of these consolidated financial statements.)

(All amounts are shown in Philippine Peso, unless otherwise indicated)

1 General 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 subsequent offering after the IPO. Its immediate parent company is Keppel Management Ltd. (KML; previously known as Keppel Land Limited) and the ultimate Parent Company is Keppel Ltd. (KL, previously known as Keppel Corporation Limited), both incorporated and domiciled in Singapore. KL is listed in the Singapore Exchange Securities Trading Limited.

As at December 31, 2023 and 2022, the shareholders of the Parent Company are the following:

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

**8% direct ownership and 6% through PCD Nominee Corporation as at December 31, 2023 and 2022.*

The Parent Company holds investments in associates and joint venture involved in property development and holding of investment properties and renders management consultancy services to associates (Notes 6, 7 and 12).

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

As at December 31, 2023, the Parent Company's subsidiaries, associates and joint venture, which were all incorporated in the Philippines are as follows:

	2023		2022		
	Percentage of ownership	Effective ownership interest	Percentage of ownership	Effective ownership interest	Nature of business
Subsidiaries					
CSRI Investment Corporation (CSRI)	100	100	100	100	Investment holding
Buena Homes, Inc. (BHI)	100	100	100	100	Investment holding
Associates					
Opon Realty and Development Corporation (ORDC)	40	40	40	40	Investment holding
Opon Ventures, Inc. (OVI)	40	64	40	64	Investment holding
Opon-KE Properties, Inc. (OKEP)	40	78	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 effective ownership interest of the Group in SMKL includes OKEP's 10% ownership interest.

On December 22, 2023, the Parent Company and OKEP sold its entire interest and investment holdings with SMKL to BDO Unibank, Inc. (BDO) (Note 6).

The Parent Company has 1,015 shareholders, each owning one hundred (100) or more shares, as at December 31, 2023 (2022 - 1,019).

The Group's principal office address, which is also the registered address, is at 26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills, Mandaluyong City. As at December 31, 2023, the Group has five (5) employees (2022 - 12).

The consolidated financial statements of the Group have been approved and authorized for issuance by the Board of Directors (BOD) on March 26, 2024.

2 Cash and cash equivalents

The account as at December 31 consist of:

	2023	2022
Cash equivalents	6,528,215,204	6,220,594
Cash in banks	18,436,893	33,423,977
Cash on hand	55,000	75,000
	6,546,707,097	39,719,571

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 from maturity and earns interest at the respective short-term deposit rates that range from 3.00% to 6.00% per annum in 2023 (2022 - 0.50% to 5.13% per annum; 2021- 0.38% to 0.50% per annum).

Interest income from cash and cash equivalents amounted P10.2 million in 2023 (2022 - P0.7 million; 2021- P0.3 million). Accrued interest receivable on short-term deposits is presented as part of "Receivables, net" (Note 3).

3 Receivables, net

The account as at December 31 consist of:

	Notes	2023	2022
Accrued income	12(c)	10,619,656	8,387,160
Accrued interest	2	7,829,505	28,338
Withholding tax receivables		1,207,023	669,948
Receivable from SMKL		1,069,138	-
Receivables from employees		-	2,350
Non-trade		-	2,666,664
Others		46,801	20,789
		20,772,123	11,775,249
Allowance for impairment loss on non-trade receivables		-	(2,666,664)
		20,772,123	9,108,585

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

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

Withholding tax receivables represent withholding taxes whose creditable withholding tax certificates have not yet been received.

Receivable from SMKL represents non-interest bearing and unsecured advances made to SMKL that are collectible within 30 to 90 days.

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. In 2023, the Group approved the write-off of the receivable in full as it is no longer deemed collectible. Movement in the allowance for impairment loss as at December 31 follows:

	2023	2022
At January 1	2,666,664	2,666,664
Write-offs	(2,666,664)	-
	-	2,666,664

4 Prepayments and other current assets; Other non-current assets

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

	Note	2023	2022
Tax credit	12(d)	21,420,000	23,635,012
Creditable withholding taxes		4,882,198	27,888,603
Input value added tax (VAT), net		380,309	311,541
Prepayments		357,447	759,935
Deferred input VAT		-	8,082
		27,039,954	52,603,173

Tax credit includes tax credit received from the Bureau of Internal Revenue (BIR) for the withholding and remittance of final withholding taxes in relation to the Parent Company's redemption of preferred shares in year 2010 (Note 12). This can be applied against future applicable income tax liabilities per the BIR rules and regulations and is valid until May 16, 2027. Subsequent to 2023, the Parent Company has applied for the cash conversion of the tax credit and is awaiting approval from BIR, and the Parent Company assessed to receive the refund in 2024.

Creditable withholding taxes pertain to the amounts withheld by the Group's counterparties in relation to management fees which management has determined that these are recoverable and can be applied against future income taxes. As at December 31, 2023, the Group expects to utilize P4,882,198 (2022 - P27,888,603) of the creditable withholding taxes within one (1) year. The remaining creditable withholding taxes amounting to P27,351,277 (2022 - nil) is classified and presented as part of "Other non-current assets".

Input VAT, net, presented under this account pertains to the transactions of CSRI and BHI.

Prepayments mainly consists of current portion of security and utility deposits from existing lease term agreement (Note 8).

5 Financial assets at fair value through other comprehensive income (FVOCI)

The account as at December 31 consist of:

	2023	2022
Preferred equity securities	79,287,230	79,287,230
Club shares	225,000	225,000
	79,512,230	79,512,230

(a) Preferred equity securities

Preferred equity investments pertain to investments in redeemable preferred shares of OVI and OKEP which were acquired in 2012 at 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 7). 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 20.2).

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 10 years from date of issuance, at a price to be determined by the BOD.
- If not redeemed within the period of 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 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 BOD of OKEP and OVI accepted the Parent Company’s decision to continue to hold the preferred shares.

Subsequent to December 31, 2023, OKEP and OVI redeemed its preferred shares at its cost (Note 21.19).

As at December 31, 2023 and 2022, the Group determined that there is no indication that an 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, 2023 and 2022. There is no significant change in fair value on financial assets at FVOCI for the years ended December 31, 2023, 2022 and 2021.

6 Sale of investment in joint venture

On March 25, 2023, a Share Purchase Agreement was executed between the shareholders of SMKL for KPPI and OKEP (collectively the “Seller”) to sell all its redeemable preferred shares and common shares in SMKL constituting 40% and 10% interest held in SMKL, respectively, to BDO. The completion of the sale had been subjected to the satisfaction of conditions precedent, including but not limited to the obtaining of the requisite regulatory approvals and shareholders’ approval of KPPI and OKEP.

With the expected recovery of the investment’s carrying value through sale, the Group’s investment in SMKL (previously presented under non-current assets as “Investment in associates and joint venture”) was classified as “Investment in joint venture held-for-sale” in accordance with PFRS 5, Noncurrent assets held-for-sale and discontinued operation. The carrying amount of this investment amounted to P2,902.7 million as at March 31, 2023 and is deemed to be lower as compared to its fair value less cost to sell. The Parent Company determined the fair value less cost to sell to be the agreed price stated at the Share Purchase Agreement reduced by incremental related expenses (cost to sell). There were no significant movement in carrying value from March 25 to March 31, 2023.

The carrying amount of the investment in joint venture as at March 31, 2023 follows:

	Note	Amount
January 1		
Cost		602,645,772
Accumulated share in equity		2,251,022,018
		2,853,667,790
Share in equity of SMKL		48,993,780
March 31	7	2,902,661,570

The Group recognized share in equity from SMKL's operation from January 1, 2023 up until March 31, 2023, the date of re-classification to assets held-for-sale, in accordance with the share purchase agreement. The amount is recorded under share in net income of associates and joint venture in the consolidated statements of total comprehensive income (Note 7).

The sale was completed with the satisfaction of all conditions precedent on December 22, 2023 (the closing date).

Below summarizes the details of the sale of the investment in joint venture.

	Note	Amount
Purchase price		6,528,677,503
Cost to sell	10	(35,164,170)
Net purchase price		6,493,513,333
Carrying amount of investment in joint venture held-for-sale		(2,902,661,570)
Gain on sale of investment in joint venture before taxes		3,590,851,763
Capital gains tax		(909,280,125)
Gain on sale of investment in joint venture after taxes		2,681,571,638

The purchase price consists of share in the net asset value of SMKL after adjustments as approved and agreed between the Sellers and BDO as at closing date. On the same date, the Parent Company has collected P6,521.7 million of the purchase price, while the remaining P7.0 million was already collected in January 2024.

The cost to sell include actual incurred transaction costs amounting to P1.4 million, of which P0.3 million remains and provisions amounting to P33.8 million for the Parent Company's share in any unrecorded liabilities and condominiumization expense of SMKL to be determined no later than one year from its sale, which are agreed between the Sellers and BDO in the Share Purchase Agreement.

Capital gains tax refers to accrued tax payable as a result of the gain on sale of investment in joint venture, payable within 30 days from completion of the sale. The related capital gains tax was subsequently paid in January 2024.

The Parent Company's share in net income of associates from OKEP's sale of its 10% interest in SMKL are summarized below:

	Gain on sale of SMKL investment	Parent Company ownership	Parent Company's share
OKEP	705,856,269	40%	282,342,508
OVI	423,513,761	40%	169,405,505
ORDC	254,108,257	40%	101,643,302
Total	1,383,478,287		553,391,315

For the period from January 1 to March 31, the Parent Company recognized share in net income in SMKL through OKEP amounting to P9.6 million.

The financial performance and cash flow information of SMKL presented are for the 12 months as at December 31:

	2023	2022
Revenue and income	1,711,405,011	2,543,543,022
Cost and expenses	(1,315,793,840)	(995,024,021)
Profit before taxes	395,611,171	1,548,519,001
Income tax expense	(100,649,349)	(386,789,269)
Profit after income tax of discontinued operation	294,961,822	1,161,729,732
Other comprehensive income	(26,113)	589,314
Total comprehensive income of discontinued operation	294,935,709	1,162,319,046
Net cash inflow from operating activities	1,375,956,924	875,425,225
Net cash outflow from investing activities	(303,373,274)	(344,226,476)
Net cash outflow from financing activities	(967,547,603)	(508,198,801)
Net increase in cash generated by joint venture	105,036,047	22,999,948

Following the sale of investment in SMKL, the Parent Company presented the resulting gain on sale of its investment in joint venture and the Parent Company and OKEP's share in net income of SMKL from January 1 to March 31, 2023 as part of discontinued operation in the statement of total comprehensive income. Prior year's full year share of the Parent Company and OKEP's share in net income of SMKL were also reclassified for comparative information and presentation.

Likewise, the assets and liabilities related to the sale of investment in joint venture which include Receivable from sale of investment in joint venture, Capital gains tax payable and Provision for transaction cost, are presented as part of discontinued operation in the consolidated statement of financial position.

7 Investments in associates and joint venture

Details of and movement in the account as at and for the year ended December 31 are as follows:

	Note	2023	2022	2021
Cost				
At January 1		653,989,443	653,989,443	653,989,443
Sale of investment in joint venture	6	(602,645,772)	-	-
At December 31		51,343,671	653,989,443	653,989,443
Accumulated share in results of associates and joint venture presented in profit or loss				
At January 1		2,659,681,540	2,103,985,191	1,548,338,406
Share in net income (loss) of associates and joint venture				
Continuing operations		2,062,241	(74,677)	1,432,288
Discontinued operation		611,987,876	555,771,026	554,214,497
		614,050,117	555,696,349	555,646,785
Sale of investment in joint venture	6	(2,300,015,798)	-	-
At December 31		973,715,859	2,659,681,540	2,103,985,191
Presented in other comprehensive income				
At January 1		624,947	343,019	(138,469)
Share in other comprehensive income of associates and joint venture		-	281,928	481,488
At December 31		624,947	624,947	343,019
		1,025,684,477	3,314,295,930	2,758,317,653

The carrying values of the Group's investments in associates and joint venture and the related percentages of ownership as at December 31 are shown below:

	Percentage of ownership		Carrying amount	
	2023	2022	2023	2022
Associates				
OKEP	40%	40%	549,796,106	261,372,537
OVI	40%	40%	296,736,863	123,769,821
ORDC	40%	40%	179,151,508	75,485,782
Joint venture				
SMKL	-	40%	-	2,853,667,790
			1,025,684,477	3,314,295,930

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
December 31, 2023				
Net assets		1,431,947,764	116,863,890	12,867,803
Ownership interest		40%	40%	40%
		572,779,106	46,745,556	5,147,121
Investments in redeemable preferred shares	5	(31,287,230)	(48,000,000)	-
Goodwill		8,304,230	297,991,307	174,004,387
		549,796,106	296,736,863	179,151,508

	Note	OKEP	OVI	ORDC	SMKL
December 31, 2022					
Net assets		710,888,843	117,116,998	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

The associates and joint venture were accounted for using the equity method. For the years ended December 31, 2023 and 2022, there were no dividends received from the associates and joint venture. As at December 31, 2023 and 2022, 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, 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 audited financial information of the associates as at and for the year ended December 31 follows:

(In millions)	OKEP	OVI	ORDC
2023			
Current assets	1,667.9	0.5	3.1
Non-current assets	-	119.8	82.0
Total assets	1,667.9	120.3	85.1
Current liabilities	235.9	3.4	72.2
Net assets	1,432.0	116.9	12.9
Gross income	16.4	-	-
Net income (loss) for the year	721.1	(0.3)	(0.3)
Other comprehensive income	-	-	-
Total comprehensive income (loss) for the year	721.1	(0.3)	(0.3)
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)

As at December 31, 2023 and 2022, the Group determined that there is no significant indication that impairment loss has occurred on its investment in associates. The individual non-current assets of the investee companies mainly include the investment in a subsidiary, which is eliminated at the consolidated financial statements of ORDC, and financial assets at FVOCI categorized under Level 3 fair value hierarchy.

Significant non-adjusting event post year-end affecting investments in associates are disclosed in Note 21.19.

(b) *Joint venture*

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 audited financial information of SMKL as at and for the year ended December 31, 2022 is summarized in the table below.

(In millions)	Amount
Current assets	1,951.5
Cash and cash equivalents	609.1
Non-current assets	15,593.1
Investment properties	15,550.0
Current liabilities	1,440.1
Non-current liabilities	9,322.5
Net assets	6,782.0
Gross income	2,543.5
Interest income	3.5
Depreciation and amortization	(12.1)
Interest expense	(330.3)
Income tax expense	(386.8)
Net income for the year	1,161.7
Other comprehensive income	0.6
Total comprehensive income for the year	1,162.3

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

8 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%)). This lease agreement was pre-terminated effective on July 15, 2023 without incurring any penalties. As a result, the Group recognized a gain on termination of lease amounting to P0.4 million and is presented as part of “Others” in the “Other income, net” (Note 14).

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.

This lease agreement was considered as low value lease under PFRS 16, Leases.

The Parent Company has not incurred rent expense for parking spaces in 2023 (2022 - P16.5 thousand; 2021 - P70.6 thousand). This rent expense is presented as part of “Rentals” in the “General and administrative expenses” (Note 13).

(b) Short-term lease agreements

(i) Office space

The Parent Company entered into a one-year operating lease agreement for its office space located at the 26th floor of The Podium West Tower with guaranteed service term renewal unless terminated. Total rent expense charged to operations amounted to P0.7 million in 2023 and is presented as part of "Rentals" in the "General and administrative expenses" (Note 13).

(ii) Officers' housing

The Parent Company also entered into operating lease agreements for its officers' housing renewable every three (3) months. Total rent expense charged to operations, that is presented as part of "Salaries, wages and employee benefits" in the "General and administrative expenses" (Note 13), amounted to P0.9 million in 2023 (2022 - P1.5 million; 2021 - P2.9 million).

(iii) Vehicle

The Parent Company entered into an operating lease agreement on its service vehicle renewable monthly up to a maximum period of 36 months unless terminated. The contract expired in November 2023 and was not renewed. Total rent expense charged to operations amounted to P0.6 million in 2023 and is presented as part of "Rentals" in the "General and administrative expenses" (Note 13).

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 consolidated statements of financial position as at December 31 as follows:

	Note	2023	2022
Refundable deposit - current portion	4	238,656	-
Refundable deposits - non-current portion		-	523,458
		238,656	523,458

Refundable deposits in 2023 includes amount of the utility deposit amounting to P27,999 (2022 - P18,960).

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	2023	2022	2021
Cost				
At January 1		30,405,472	14,649,459	14,649,459
Additions		-	15,756,013	-
Termination		(30,405,472)	-	-
At December 31		-	30,405,472	14,649,459
Accumulated amortization				
At January 1		18,150,795	13,021,742	8,138,588
Amortization	13	2,626,002	5,129,053	4,883,154
Termination		(20,776,797)	-	-
At December 31		-	18,150,795	13,021,742
		-	12,254,677	1,627,717

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

	Note	2023	2022	2021
Lease liabilities				
At January 1		12,037,426	468,943	5,777,076
Additions		-	15,756,013	-
Principal payments		(2,476,915)	(4,187,530)	(5,308,133)
Interest payments		(290,370)	(422,104)	(265,850)
Interest expense	14	290,370	422,104	265,850
Termination		(9,560,511)	-	-
At December 31		-	12,037,426	468,943
Lease liabilities				
Current		-	5,589,372	468,943
Non-current		-	6,448,054	-
		-	12,037,426	468,943

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 2023 (2022 - 5.27%; 2021 - 7.80%).

Extension and termination options

The Parent Company may pre-terminate the operating lease agreement for its office space after completing the guaranteed service term of 12 months from the rental commencement date, subject to ninety (90) day prior written notice to the lessor without penalties.

9 Property and equipment, net

Details of and movements in the account 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, 2022		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
Additions		34,906	-	-	34,906
Disposals		(2,217,948)	(1,455,791)	(11,542,143)	(15,215,882)
At December 31, 2023		2,188,134	14,827	-	2,202,961
Accumulated depreciation					
At January 1, 2022		3,946,934	1,032,261	10,259,683	15,238,878
Depreciation	13	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
Depreciation	13	251,740	-	-	251,740
Disposals		(2,145,872)	(1,455,784)	(11,542,143)	(15,143,799)
Reclassification		(295,607)	295,607	-	-
At December 31, 2023		1,990,912	14,827	-	2,005,739
Net carrying amount					
At December 31, 2022		190,525	295,614	-	486,139
At December 31, 2023		197,222	-	-	197,222

There were no unpaid additions as at December 31, 2023 and 2022.

As at December 31, 2023, the cost of fully depreciated assets that are still in use in the Parent Company's operations amounts to P1.8 million (2022 - P16.4 million).

For the year ended December 31, 2023, the Group recognized a gain on sale of property and equipment and proceeds received from the sale amounting to P0.3 million and P0.4 million (2022 - P2.3 thousand and P2.3 thousand), respectively, and is presented as part of "Other income, net" (Note 14).

As at December 31, 2023 and 2022, the Group's management has assessed that there is no objective evidence that indicators of impairment exist.

10 Accounts payable and other current liabilities

The account as at December 31 consist of:

	Note	2023	2022
Accrued expenses		10,239,844	7,280,997
Taxes payable		1,745,339	953,536
Output VAT, net		1,555,644	488,653
Deferred output VAT, net		1,432,279	1,365,877
Dividends payable	12	553,981	553,981
Accounts payable		-	503,802
		15,527,087	11,146,846

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 2023, 2022 and 2021, a portion of the bonus and other employee benefits accrued and other accruals in prior years amounting to P1.2 million, P1.8 million and P0.3 million, respectively, were reversed (Note 14). These amounts pertain to the outstanding accrual made over the actual amount paid to settle the liabilities and no longer a valid obligation based on updated information and assessment of management.

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.

Output VAT balance pertains to the excess of output VAT over input VAT as at December 31, 2023 and 2022. Deferred output VAT pertains to VAT on uncollected income, net, of deferred input VAT as at December 31, 2023 and 2022.

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, 2023 and 2022, have not been claimed by the respective shareholders.

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

11 Equity

(a) Share capital and treasury shares

Share capital as at December 31, 2023 and 2022 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 expiring on May 31, 2023. On November 20, 2023, SEC approved the extension for another one (1) year until May 31, 2024. No preferred shares have been redeemed in 2023 and 2022.

The redeemable preferred shares have the following terms and conditions:

- No voting rights, except on matters specifically provided for under Section 6, Paragraph 6 of the Corporation Code of the Philippines.
- Redemption price will be equivalent to the issue price with an annual premium to be approved by the BOD. Likewise, determination of cumulative amount of the annual premium must be certified by an independent financial advisor.
- No dividend entitlement.
- Preference over common shareholders with respect to the distribution of assets upon dissolution.

On December 22, 2023, the BOD approved and authorized the redemption of 59,474,100 redeemable preferred shares held by KML at a redemption price of Php10.00 per share plus an annual premium of 12% payable in cash upon redemption. The BOD determined the annual premium rate after taking into consideration the opinion of the independent financial advisor and research on pricing of preferred shares of comparable companies and KML's long-term investment in the Parent Company.

(b) Share premium

The details of share premium presented in the consolidated statement of financial position and consolidated statement of changes in equity as at December 31, 2023 and 2022 are as follows:

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

(c) Retained earnings

As at December 31, 2023, total retained earnings of the Group amounted to P5,803.0 million (2022 - P2,512.9 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 P973.7 million as at December 31, 2023 (2022 - P2,659.7 million; 2021 - P2,104.0 million) (Note 7). These amounts are not available for distribution as dividends until declared by the associates and the joint venture.

As at December 31, 2023, the Parent Company's unappropriated retained earnings exceed its paid-up capital by P3,414.0 million (2022 - nil).

Retained earnings are further restricted to the extent of P2.7 million representing the cost of shares held in treasury as at December 31, 2023, 2022 and 2021. These treasury shares were reacquired below P1 issue price.

On December 22, 2023, the BOD approved and authorized the appropriation of retained earnings amounting to P1,427.4 million corresponding to the annual premium on the Parent Company's redeemable preferred shares.

The remaining excess undistributed retained earnings amounting to P3,450.50 million will be declared as cash dividends in year 2024.

(d) Other reserves

The account contains items of other comprehensive income that will not be reclassified to profit or loss, and as at December 31 it consist of:

	Actuarial gain on defined benefit plan	Share in actuarial gain (loss) of associates and joint venture
January 1, 2022	1,051,642	343,019
Remeasurement during the year, net of tax	5,959	281,928
December 31, 2022	1,057,601	624,947
Remeasurement during the year, net of tax	352,534	-
Reclassification to retained earnings	(1,410,135)	(624,947)
December 31, 2023	-	-

(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.

	Issue/ offer price	Date of approval	Number of shares registered	Number of holders of securities as at December 31		
				2023	2022	2021
Common	P1	September 11, 1989	293,828,900	1,214	1,218	1,241

12 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	2023	2022	2021	2023	2022	Terms and conditions
Due from related parties						
Immediate parent company						
KML						
Legal fees (a)	-	239,096	208,186	-	-	Non-interest-bearing, unsecured, unguaranteed, 30 to 60 days and collectible in cash at gross amount.
Associates						
OKEP						
Operating advances (b)	339,172	174,435	182,467	15,095	4,243,171	Non-interest-bearing, unsecured, unguaranteed and collectible in cash upon demand at gross amount.
OVI						
Operating advances (b)	319,621	174,381	192,118	3,308,571	2,988,950	
ORDC						
Operating advances (b)	392,143	230,375	216,622	13,595	301,663	
Joint venture (until December 22, 2023)						
SMKL						
Operating advances (b)	-	6,318,518	6,023,568	-	614,858	Non-interest-bearing, unsecured, unguaranteed and collectible in cash upon demand at gross amount.
Entities under common control						
Keppel Philippine Holdings, Inc.						
Operating advances (b)	13,391	50,892	-	13,391	50,892	Non-interest-bearing, unsecured, unguaranteed and collectible in cash upon demand at gross amount.
Kepventures, Inc.						
Operating advances (b)	13,391	47,870	-	13,391	47,870	
Shareholder						
Kepwealth, Inc.						
Operating advances (b)	13,391	47,870	-	13,391	47,870	
				3,377,434	8,295,274	
Receivables						
Joint venture (until December 22, 2023)						
SMKL						
Management consultancy fee (c)	32,511,523	29,151,376	19,053,945	7,698,852	6,085,794	Non-interest-bearing, unsecured, unguaranteed, 30 to 60 days, collectible in cash at gross amount.
Franchise fee (c)	13,004,609	11,660,551	7,621,578	2,920,804	2,301,366	
	45,516,132	40,811,927	26,675,523	10,619,656	8,387,160	

Related party	Transactions 2023	2022	2021	Outstanding receivable (payable) 2023	2022	Terms and conditions
Entities under common control						
KML						
Tax credit (d)	-	21,420,000	-	(21,420,000)	(21,420,000)	Non-interest-bearing, unsecured, unguaranteed and payable in cash upon demand at gross amount.
KL(RI)						
Operating advances (e)	9,214,261	6,431,085	724,471	-	(1,992,776)	
SMPM						
Management fee (f)	-	7,108,055	8,072,149	-	-	
Ultimate parent entity control						
KL						
Operating advances (g)	1,705,779	-	-	-	-	
				(21,420,000)	(23,412,776)	
Joint venture						
Lease liabilities						
SMKL						
Rentals (h)	2,767,285	4,609,634	5,573,983	-	(12,037,426)	Non-interest-bearing, unsecured, unguaranteed, 30-to-60 days, payable in cash at gross amount.
Other income (Note 14)	1,868,101	3,154,491	3,100,937	-	-	
Shareholders						
Dividends payable						
Cash dividends	-	-	-	(553,981)	(553,981)	Outstanding balance is payable in cash, at gross amount, on pay-out date as approved by the Company's BOD, non-interest bearing, unsecured and unguaranteed.
Key management personnel (i)						
Salaries and other short-term employee benefits	17,675,700	17,330,363	19,362,669	(1,312,341)	-	
Bonuses and allowances	10,125,008	3,480,989	5,561,567	(6,597,228)	-	Outstanding balance is payable every designated period per employee contracts, non-interest bearing, unsecured and unguaranteed.
Retirement benefit expense	809,665	263,744	335,353	-	-	
Retirement fund transactions						
Contribution to the retirement fund	633,156	-	-	-	-	Refer to Note 17 - Retirement benefits

SMKL was no longer considered as a related party upon the Parent Company and OKEP's completion of the sale of its investment as at December 22, 2023, the agreed closing date (Note 6).

(a) In 2022 and 2021, the Parent Company charged KML for the amount paid on their behalf for legal fees.

(b) The Parent Company made operating advances for expenses incurred by associates, joint venture, shareholders and entities under common control in 2023 and 2022. These operating advances represent expenses incurred in the normal operations. These are recharged at cost.

(c) The Parent Company provides management and advisory, and franchise services to SMKL. Management consultancy and franchise fees are charged at 2.5% and 1.0%, respectively, of SMKL's annual net revenues.

(d) In 2010, the Parent Company redeemed its preferred shares from KML in which final withholding tax 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 KML.

(e) Keppel Land (Regional Investments) Pte. Ltd. (KL(RI)), entity under common control, provide support services to the Group. These are recharged at cost.

(f) Straits Mansfield Property Marketing, Pte., Ltd. (SMPM), an entity under common control, provides consultancy, advisory and support services to the Parent Company and SMKL until the termination of the related contract effective January 1, 2023. Consultancy fees charged by SMPM, which is based on the time spent by SMPM personnel in rendering service to the Parent Company (Note 13).

(g) KL, provide support services to the Parent Company. These are recharged at cost.

(h) The Parent Company has an existing lease agreement with SMKL for its office space located in The Podium West Tower. This covered up to July 15, 2023.

(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, 2023, 2022 and 2021.

    There were no outstanding balances with key management personnel as at December 31, 2023 and 2022.

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

	Transactions			Outstanding balance		
Subsidiary	2023	2022	2021	2023	2022	Terms and conditions
Due from						
BHI	450,205	185,610	216,622	25,658	268,197	Non-interest-bearing, unsecured, collectible in cash upon demand
CSRI	317,387	206,803	153,095	13,595	235,143	Non-interest-bearing, unsecured, collectible in cash upon demand
				39,253	503,340	

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 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, 2023, 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.

13 General and administrative expenses

The account for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Salaries, wages and employee benefits		31,635,177	25,993,920	30,524,020
Taxes and licenses		11,927,871	331,339	312,711
Professional fees		6,834,650	3,575,379	3,585,272
Depreciation and amortization	8, 9	2,877,742	6,951,284	9,710,968
Repairs and maintenance		2,001,125	2,549,831	640,922
Utilities		1,445,575	1,918,225	1,685,866
Rentals		1,389,711	386,922	392,042
Membership dues		950,123	1,676,501	1,632,611
Retirement benefit expense	17	876,871	299,333	364,806
Transportation and travel		756,954	1,399,732	272,428
Insurance		643,496	810,088	653,250
Postage, printing and advertising		254,143	251,840	161,436
Staff recreation and others		145,816	340,487	35,728
Bank and other charges		89,333	362,737	36,462
Supplies		30,354	68,178	89,788
Management consultancy fee	12	-	7,108,055	8,072,149
Others		2,313,131	658,416	968,734
		64,172,072	54,682,267	59,139,193

Taxes and licenses include tax assessment paid in 2023 amounting to P8.6 million representing basic tax and surcharges. The related interest of P2.6 million on the tax assessment was presented as part of the provision for income tax.

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

14 Other income, net

The account for the years ended December 31 consist of:

	Notes	2023	2022	2021
Intercompany charges	12	4,564,242	5,631,925	4,873,611
Gain on reversal of liabilities	10	1,154,752	1,784,328	310,975
Gain on sale of property and equipment	9	281,117	2,300	-
Interest income from staff loan		8,532	2,800	9,943
Interest expense on lease liabilities	8	(290,370)	(422,104)	(265,850)
Foreign exchange losses	19.1a	(460,217)	(4,883,620)	(392,073)
Others, net		748	30,653	23,622
		5,258,804	2,146,282	4,560,228

15 Income taxes

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

	2023	2022	2021
Current	5,201,382	2,859,359	1,848,143
Deferred	(913,044)	(325,126)	545,837
	4,288,338	2,534,233	2,393,980

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;
- for the period beginning July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) rate shall be 1%, instead of 2%; and
- 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.

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.

Under the CREATE Law and RR No. 5-2021, the MCIT, was lowered to 1% effective 1 July 2020 until 30 June 2023. Subsequent to this date, MCIT reverted back to its original 2% rate.

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

	2023	2022	2021
Statutory income tax expense	152,702,883	136,157,608	132,055,266
Add (deduct) tax effects of:			
Final tax on interest income and franchise fee	4,633,218	2,477,921	1,713,832
Change in unrecognized deferred income tax assets on net operating loss carryover (NOLCO) and excess MCIT	4,233,903	6,269,822	9,586,970
Non-deductible expenses	2,150,578	250	21,505
Non-taxable income	(146,547)	(3,300,952)	(1,983,138)
Income subjected to final tax	(5,773,168)	(146,329)	(77,049)
Share in results of associates and joint venture	(153,512,529)	(138,924,087)	(138,911,696)
Change in tax rate from adoption of CREATE	-	-	(11,710)
Effective income tax expense	4,288,338	2,534,233	2,393,980

(a) Current income tax

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

	2023	2022	2021
Final tax	4,633,218	2,477,921	1,713,832
MCIT	568,164	381,438	134,311
	5,201,382	2,859,359	1,848,143

(b) Deferred income tax

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

	2023	2022
Deferred income tax assets		
Accrued expenses	1,678,707	528,371
	1,678,707	528,371
Deferred income tax liabilities		
Retirement benefit asset	-	(60,929)
Right-of-use asset and lease liabilities, net	-	(54,313)
	-	(115,242)
Deferred income tax assets, net	1,678,707	413,129

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

	Note	2023	2022
At January 1		413,129	89,990
Charged to profit or loss		913,044	325,126
Credited (charged) to other comprehensive income	17	352,534	(1,987)
At December 31		1,678,707	413,129

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.
The details of NOLCO as at December 31, which could be carried over as deduction from taxable income for three or five consecutive years following the year of incurrence, follow:

Year incurred	Year of expiry	2023	2022
2020	2025	39,309,346	39,309,346
2021	2026	35,587,267	35,587,267
2022	2025	23,626,371	23,626,371
2023	2026	13,380,452	-
Total		111,903,436	98,522,984
Unrecognized DTA		27,930,606	24,617,401

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.

The details of the Parent Company's excess MCIT over the normal income tax are as follows:

Year incurred	Year of expiry	2023	2022
2020	2023	-	421,223
2021	2024	239,616	239,616
2022	2025	381,438	381,438
2023	2026	568,164	-
		1,189,218	1,042,277

16 Earnings per share

Earnings per share from continuing operations for the years ended December 31 was determined as follows:

	2023	2022	2021
Net income from continuing operations	(5,461,755)	(13,603,919)	(28,554,833)
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900	293,828,900
Basic income per share	(0.02)	(0.05)	(0.10)

Earnings per share from discontinued operation for the years ended December 31 was determined as follows:

	2023	2022	2021
Net income from discontinued operation	3,293,559,514	555,771,026	554,214,497
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900	293,828,900
Basic income per share	11.21	1.89	1.89

Earnings per share from operations for the years ended December 31 was determined as follows:

	2023	2022	2021
Net income from operations	3,288,097,759	542,167,107	525,659,664
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900	293,828,900
Basic income per share	11.19	1.85	1.79

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

The weighted average number of shares outstanding as at December 31, 2023, 2022 and 2021 is computed as follows:

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

17 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 at December 31, 2022.

On November 14, 2023, the Parent Company terminated its participation in KPPI Multi-employer Retirement Plan to which the employee shares were already paid out.

December 31, 2022, the amount of retirement benefit asset recognized in the statements of financial position are determined as follows:

	Amount
Fair value of plan assets	2,354,647
Present value of defined benefit obligation	(2,110,932)
Retirement benefit asset	243,715

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

	Note	2023	2022	2021
Current service cost		847,116	327,265	375,647
Net interest income (expense)		29,755	(27,932)	(10,841)
	13	876,871	299,333	364,806

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

	2023	2022	2021
Remeasurements on retirement benefit obligation	-	200,836	705,430
Remeasurements on plan assets	-	(192,890)	(79,981)
Remeasurement gain	-	7,946	625,449
Effect of changes in the corporate income tax rate	-	-	38,837
Deferred income tax benefit (expense)	352,534	(1,987)	(156,362)
Remeasurement gain, net of tax	352,534	5,959	507,924

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

	2023	2022	2021
At January 1, net of tax	1,057,601	1,051,642	543,718
Remeasurement gain from defined benefits	-	7,946	625,449
Deferred income tax benefit (expense)	352,534	(1,987)	(117,525)
Reclassification to retained earnings	(1,410,135)	-	-
	(1,057,601)	5,959	507,924
At December 31, net of tax	-	1,057,601	1,051,642

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

	Note	2023	2022
At January 1		243,715	535,102
Retirement benefit expense recognized in profit or loss	13	(876,871)	(299,333)
Remeasurements recognized in other comprehensive income (loss)			
Changes in financial assumptions		-	228,269
Deviations of experience from assumptions		-	(27,433)
Loss on plan assets		-	(192,890)
Contributions		633,156	-
At December 31		-	243,715

(a) Retirement benefit obligation

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

	2023	2022
At January 1	2,110,932	1,886,051
Current service cost included in net retirement benefit expense	847,116	327,265
Interest cost included in net retirement benefit expense	81,376	98,452
Benefits paid	(3,039,424)	-
Remeasurements in other comprehensive income (loss):		
Actuarial loss (gain) on obligation resulting from:		
Changes in financial assumptions	-	(228,269)
Deviations of experience from assumptions	-	27,433
At December 31	-	2,110,932

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:

	Amount
Less than 10 years	3,128,421
More than 10 years to 15 years	3,252,978
More than 15 years to 20 years	-
More than 20 years	29,445,420
	35,826,819

(b) Plan assets

Plan assets as at December 31, 2022 consist of:

	Amount
Cash	2,154
Government securities	766,035
Investment in unit investments in trust funds (UITF)	1,577,255
Receivables	10,367
Trust fee payable	(1,164)
	2,354,647

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 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:

	2023	2022
At January 1	2,354,647	2,421,153
Contributions	633,156	-
Interest income included in net retirement benefit expense	51,621	126,384
Benefits paid	(3,039,424)	-
Remeasurements:		
Loss on plan assets	-	(192,890)
At December 31	-	2,354,647

There are no plan assets invested in related parties of the Parent Company as at and for the years ended December 31, 2023 and 2022. The fair value of the plan assets approximates their carrying amount as at December 31, 2022.

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.

There was no plan amendment, curtailment, or settlement for the years ended December 31, 2023 and 2022.

(c) Actuarial assumptions

The principal assumptions used in determining the Parent Company's retirement obligation as at December 31, 2022 are shown below:

	Rates
Discount rate	7.71%
Future salary increase rate	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, 2022:

	Rates	Increase (Decrease)
Discount rate	+1.0%	(64,480)
	-1.0%	78,158
Salary increase rate	+1.0%	76,763
	-1.0%	(64,405)

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.

18 Segment information

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

Significant information on the reportable segment is as follows:

	2023	2022
Operating assets	7,739,315,298	3,517,474,841
Operating liabilities	979,987,212	46,597,048
Income from continuing operations	57,739,851	41,466,299
Other income, net	5,258,804	2,146,282
General and administrative expenses	64,172,072	54,682,267
Segment net loss from continuing operations	5,461,755	13,603,919
Segment net income from discontinued operation	3,293,559,514	555,771,026
Segment net income	3,288,097,759	542,167,107

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 P45.5 million in 2023 (2022 - P40.8 million; 2021 - P26.7 million). The Parent Company billed and recognized management and consultancy and franchise fee from SMKL until the completion of its divestment (Note 6).

There is no need to present reconciliation since the Group’s operating assets, operating liabilities, income from continuing operations, other income, net, general and administrative expenses, segment net loss from continuing operations, segment net income from discontinued operation and segment net income pertains to a single operating segment.

19 Financial risk and capital management

19.1 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, refundable deposits and lease liability. The Group has various other financial assets and financial 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).

The Group’s foreign currency-denominated monetary liabilities as at December 31, 2022 are as follow:

	In SGD
	Amount
Due to related parties	48,427
Year-end exchange rate	41.15
PHP equivalent	1,992,776

For the year ended December 31, 2023, the Group did not have foreign currency-denominated monetary assets and liabilities.

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

	Note	2023	2022	2021
Realized		(460,217)	(4,883,620)	(19,223)
Unrealized		-	-	(372,850)
	14	(460,217)	(4,883,620)	(392,073)

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 sensitivity to a reasonable possible change of 11.52% in 2022 in the Philippine Peso against Singapore Dollars exchange rate, with all other variables held constant, of the Group's income before tax is +/- P0.2 million. There is no impact on the Group's equity other than those already affecting the net income.

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

(b) Price risk

The Parent Company has no exposure to price risk related to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, other than its financial assets at FVOCI valued at Level 3 fair value hierarchy. There is a minimal price risk to the Group's financial assets at FVOCI as it is valued at cost representing the best estimate of fair value as the instruments are unquoted securities. The Group is not exposed to commodity price risk.

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no significant exposure to interest rate risk on cash and cash equivalents as these are subject to fixed interest rates. Lease liabilities are subject to fixed interest rates and are measured at amortized cost. As such, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(d) 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, financial asset at FVOCI and refundable deposits. As at December 31, 2023 and 2022, 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, 2023 and 2022.

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 10.84% of total receivables as at December 31, 2023 (2022 - 96%).

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days or when these 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
2023					
Cash and cash equivalents	(i)	6,546,652,097	-	-	6,546,652,097
Receivables	(ii)	26,559,877	-	-	26,559,877
Due from related parties	(ii)	3,377,434	-	-	3,377,434
FVOCI	(iii)	79,512,230	-	-	79,512,230
Refundable deposits	(iv)	266,655			266,655
		6,656,368,293	-	-	6,656,368,293
2022					
Cash and cash equivalents	(i)	39,644,571	-	-	39,644,571
Receivables	(ii)	8,417,848	-	2,666,664	11,084,512
Due from related parties	(ii)	8,295,274	-	-	8,295,274
FVOCI	(iii)	79,512,230	-	-	79,512,230
Refundable deposits	(iv)	617,218	-	-	617,218
		136,487,141	-	2,666,664	139,153,805

Cash and cash equivalents exclude cash on hand. Receivables exclude withholding tax receivables presented within others amounting to P1.2 million in 2023 (2022 - P0.7 million). Refundable deposits include the current portion of refundable deposits presented under "Prepayments and other current assets, net" amounting to P0.1 million in 2022.

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
2023				
Expected loss rate	0.00%	0.00%	0.00%	
Receivables	26,559,877	-	-	26,559,877
Loss allowance	-	-	-	-
Expected loss rate	0.00%	0.00%	0.00%	
Due from related parties	3,377,434	-	-	3,377,434
Loss allowance	-	-	-	-
Expected loss rate	0.00%	0.00%	0.00%	
Financial asset at FVOCI	79,512,230	-	-	79,512,230
Loss allowance	-	-	-	-
2022				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	8,417,848	-	2,666,664	11,084,512
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	-	-	-	-

Expected loss rate	0.00%	0.00%	0.00%	
Financial asset at FVOCI	79,512,230	-	-	79,512,230
Loss allowance	-	-	-	-

The Group's receivable amounting to P2.7 million as at December 31, 2022 is determined to be impaired and was provided with allowance for doubtful accounts in 2017, and was later written-off in 2023.

(i) Cash and cash equivalents and accrued interest

The Group 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, 2023 and 2022. Cash and cash equivalents and related accrued interest have minimal exposure to credit risk as the Parent Company only transacts with reputable banks and financial institutions and is considered performing.

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, 2023 and 2022.

Other receivables

As at December 31, 2023 and 2022, other receivables are classified as fully performing and no history of default.

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

(iii) Financial asset at FVOCI

Financial asset at FVOCI consist primarily of redeemable preferred shares. Financial asset at FVOCI is reported at carrying amounts which are assumed to approximate their fair values (Note 19.3).

There is no significant credit exposure on financial asset at FVOCI as the redeemable preferred shares are redeemed subsequent to December 31, 2023 (Note 21.19).

(iv) 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 8).

(e) 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, 2023					
Accrued expenses	553,981	10,239,844	-	-	10,793,825
Due to related parties	21,420,000	-	-	-	21,420,000
	21,973,981	10,239,844	-	-	32,213,825
December 31, 2022					
Accrued expenses	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

Accrued expenses include dividends payable amounting to P0.5 million unredeemed as at December 31, 2023 and 2022 (Note 10), and accounts payable amounting to P0.5 million outstanding in 2022. Lease liabilities include future interest payments.

19.2 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, 2023 and 2022 are as follows:

	2023	2022
Liabilities	979,987,212	46,597,048
Equity	6,759,328,086	3,470,877,793
Percentage of debt-to-equity	14.50%	1.34%

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of 10% of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company's shares held by public is in total percentage of 14% with a total of 38.7 million shares and has fully complied with this requirement (Note 1).

19.3 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, 2023 and 2022, except for financial assets at FVOCI.

The financial assets pertaining to investment in preferred equity shares and unquoted club shares are valued at FVOCI. Based on the Group's assessment, cost represents the best estimate of fair value as the instruments are unquoted securities (Note 20.2).

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 using cost which represents the best estimate of the fair value as the instruments are unquoted securities.

During the reporting period ended December 31, 2023 and 2022, 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.

20 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.

20.1 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 (Notes 3 and 12)

The Group applies the PFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for 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 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, 2023 and 2022 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.

Allowance for impairment loss provided for the Group's non-trade receivable from a third party amounted to P2.7 million as at December 31, 2022 (Note 3) and was written-off in 2023.

(b) Assessment of impairment of investments in associates and joint venture (Note 7)

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. The recoverable amount is determined by the higher between value-in-use and fair value lest cost to sell. 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 consolidated financial position and results of operations.

In 2023, OKEP disposed of its ownership from the joint venture with SMKL (Note 6) and accordingly, management performed an impairment assessment on its investment in associates.

The recoverable amount of the investment in associates is determined based on the fair value less cost of disposal representing the combined individual assets and liabilities of the investee companies' consistent with how management manages and reports their operations (Note 7). Management assessed the fair value approximation of the combined individual assets and liabilities of the associates based on their substantially short-term nature.

In 2022, 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, 2023 and 2022, the Group did not recognize any impairment loss on its investments in associates and joint venture as the recoverable amount, based on fair value less cost to sell, is higher than the carrying amount of the investments.

(c) Useful lives of property and equipment, and right-of-use asset (Notes 8 and 9)

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, 2023, property and equipment have a carrying value of P0.2 million (2022 - P0.5 million) (Note 9). In 2023, the Group derecognized its right-of-use asset. As at December 31, 2022, the remaining carrying amounts to P12.3 million (Note 8).

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 P25.2 thousand or lower by P25.2 thousand (2022 - higher by P1.9 million or lower by P1.5 million).

(d) Determining incremental borrowing rate of leases (Note 8)

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 8.

If the incremental borrowing rate increases or decreases by 1%, income before tax for the year ended December 31, 2023 and 2022, would have been lower by P16.8 thousand or higher by P16.4 thousand (2022 - lower by P73.0 thousand or higher by P75.0 thousand).

In 2023, the Parent Company derecognized its right-of-use asset. As at December 31, 2022, the remaining carrying value amounts to P12.3 million (Note 8).

20.2 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 (Note 7)

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 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. As a result, 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 (Note 5)

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 is 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.

(c) Recognition of deferred income tax assets (Note 15)

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, 2023, the recognized net deferred income tax assets amounted to P1.7 million (2022 - P0.4 million). The amount of unrecognized deferred tax assets amounted to P29.1 million as at December 31, 2023 (2022 - P25.6 million) (Note 15).

(d) *Lease commitments - the Group as lessee (Note 8)*

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 8).

(e) *Recoverability of prepaid taxes and input VAT (Note 4)*

The Group assesses impairment on prepaid taxes (creditable withholding taxes and tax credit) 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.

21 Summary of material 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.

21.1 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 and Sustainability Reporting Standards Council (FSRSC) (formerly Financial Reporting Standards Council) and adopted by 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 20.

<u>Changes in accounting policy and disclosures</u>

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

The following amendments to existing standards were relevant and adopted by the Group for the first time from January 1, 2023:

- Amendments to PAS 1, *'Presentation of Financial Statements'*, and PFRS Practice Statement 2

  The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

  To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendment to PAS 8, *‘Accounting Policies, Changes in Accounting Estimates and Errors’*

  The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, *‘Income Taxes’*

  The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

  The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  • right-of-use assets and lease liabilities, and
  • decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

  The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The adoption of the amendments of PAS 1 was considered by management in the December 31, 2023 consolidated financial statements by disclosing material accounting policy information rather than significant account policies. All other amendments to existing standards are not expected to have a material impact on the consolidated financial statements of the Group.

There are no other new standards, interpretations and amendments to existing standards effective January 1, 2023 that are considered to be relevant or have a material impact on the Group's consolidated financial statements.

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

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. None of these are expected to be relevant and have an effect on the financial reporting of the Group, while the most relevant ones are set out as follows:

- Amendments to PAS 1, *‘Presentation of Financial Statements’*

  Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the ‘settlement’ of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

21.2 Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. 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.

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.

21.3 Financial instruments

<u>Financial assets</u>

(a) Classification

The Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVTPL as at December 31, 2023 and 2022.

(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, receivables, due from related parties and refundable deposits in the consolidated statement of financial position.

Term deposits are presented as cash equivalents if these have a maturity of three months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value.

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 their fair value (as the effect of discounting is immaterial), less any provision for impairment.

(ii) FVOCI

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 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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, measurement depends on the Group's business model for managing the asset and cash flow characteristic of the asset.

(i) 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.

(ii) Equity investments

The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. 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. The investment cost approximates its fair value at reporting date.

(c) Impairment

Receivables and due from related parties

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, 2023 and 2022 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.

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 (more than 10%) or prolonged (more than 12 months) decline in the fair value of investment 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.

Financial liabilities

(a) Classification

The Group classifies its financial liabilities in the following categories: financial liabilities at FVTPL (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 FVTPL 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 accounts payable and other current liabilities (excluding payable to government agencies), due to related parties and lease liabilities are classified under other financial liabilities at amortized cost.

(b) Recognition and measurement

Financial liabilities not carried at FVTPL are initially recognized at fair value less transaction costs.

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

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

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 (Note 19.3).

(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 fair value hierarchy level 3 for determining and disclosing the fair value of financial asset at FVOCI. The cost of investment in FVOCI approximates its fair value of unquoted securities.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVOCI, 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.

21.5 Prepayments and other current assets

(a) Prepayments

Prepayments are subsequently charged to profit or loss as these are consumed in the operations or expire with the passage of time.
Prepayments are classified as current assets when realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period, unless otherwise non-current assets.

(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.

Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

(c) Tax credit

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

Tax credit are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets.
Tax credit are derecognized when utilized or applied against income tax due.

(d) Input VAT

Input VAT represents the amount of VAT that the Group paid on the goods and services it purchased for its business operations.

This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Input VAT are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Input VAT are derecognized when utilized or applied output tax.

21.6 Non-current asset held-for-sale; Discontinued operation

Non-current assets are classified by the Group as held-for-sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The Group measures the asset at the lower of carrying amount and fair value less costs to sell.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the consolidated statement of financial position. The Group derecognize non-current asset held-for-sale upon the completion of sale based on the carrying amount of the asset held for sale.

The Group performs re-assessment of the lower of the carrying amount and its fair value less costs to sell upon completion of the sale. Gain or loss from sale is determined as the excess of purchase consideration from lower of carrying value and fair value less cost to sell.

The Group disclosed in the consolidated statement of comprehensive income comprising of the: the post-tax profit or loss of discontinued operation, and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets constituting the discontinued operation.

The Group re-presented the disclosures for discontinued operation for prior periods presented in the financial statements, including the disclosures related to the operations that have been discontinued by the end of the reporting period for the latest period presented. The discontinued operation presented in the consolidated statement of comprehensive income and consolidated statement of cash flows in the comparative period should therefore include all operations that have been discontinued by the end of the most recent reporting period.

21.7 Investments in associates and 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 and joint venture, 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 and joint venture. This is included in the "Share in net income 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 and joint venture, 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.

21.8 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.

21.9 Impairment of non-financial assets

Property and equipment, net and right of use asset

Assets that have definite useful life are subject to amortization, such as property and equipment, net, and right-of-use assets, net, 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 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 combined net assets of all investee companies and recognizes the difference in profit or loss.

21.10 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.

21.11 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.

Management consultancy fees and franchise fees

The Parent Company has entered into an agreement with its related party to provide management and advisory, and franchise 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 consultancy and franchise fees are charged at 2.5% and 1.0%, respectively, of SMKL's annual net revenues. 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. There are no financing components in the revenue contracts.

Other income

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

Other income from sale of investment in joint venture represents consideration received in excess of carrying value of the asset held-for-sale and directly attributable costs incurred.

(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.

21.12 Equity

(a) Share premium

Share premium pertains to the amount paid in excess of par.

(b) Accumulated premium

Accumulated premium pertains to the annual premium attributable to redeemable preference share and is determined by an independent financial advisor.

(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, the share of the Group on actuarial gain of its associates and joint venture and FVOCI fair value adjustments.

(d) 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.

(e) Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the BOD.

(f) Earnings per share

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. In case of a rights issue, an adjustment factor is being considered for the weighted average number of shares outstanding for all periods before the rights issue. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

21.13 Leases

(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).

(b) Measurement of right-of-use assets

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, which is the lease term of three (3) years. 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.

21.14 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.

21.15 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 these are no longer realizable.

(c) 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.

21.16 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.

Related party transactions are offset, and the net amount reported in the 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.

21.17 Basic earnings 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.

21.18 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 18.

21.19 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 includes the following board resolutions adopted by the BOD on February 2, 2024.

- Acceptance of OKEP’s redemption of its 3,128,722 preferred shares held by the Parent Company at a redemption price equivalent to the issue price of P10.00 per share or P31,287,220 collected in cash on February 12, 2024; and,
- Acceptance of OVI’s redemption of its 4,800,000 preferred shares held by the Parent Company at a redemption price equivalent to the issue price of P10.00 per share or P48,000,000 collected in cash on February 12, 2024.
- The Parent Company received dividends from OKEP, OVI and ORDC amounting to P507.4 million, P273.8 million and P164.9 million, respectively on February 12, 2024.

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
As at December 31, 2023

Other Supporting Schedules

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule A
Financial Assets
As at December 31, 2023
(All amount 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		6,546,707,097	10,161,478
Receivables		26,559,877	8,532
Due from related parties		3,377,434	-
Refundable deposits		266,655	-
Total financial assets		6,656,423,293	10,170,010

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2023

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected, liquidated or reclassified	Amounts written off	Total	Current	Non-current	Balance at end of year
Opon-KE Properties, Inc.	4,243,171	339,172	(4,567,248)	-	15,095	15,095	-	15,095
Opon Ventures, Inc.	2,988,950	319,621	-	-	3,308,571	3,308,571	-	3,308,571
Opon Realty and Development Corporation	301,663	392,143	(680,211)	-	13,595	13,595	-	13,595
Keppel Philippines Holdings, Inc.	50,892	13,391	(50,892)	-	13,391	13,391	-	13,391
Kepwealth, Inc.	47,870	13,391	(47,870)	-	13,391	13,391	-	13,391
Kepventures, Inc.	47,870	13,391	(47,870)	-	13,391	13,391	-	13,391
Employees	2,350	-	(2,350)	-	-	-	-	-

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule C
Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of Financial Statements
As at December 31, 2023

Receivables of the Parent Company from its wholly-owned subsidiaries are as follows:

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts provided for/ written off	Total	Current	Non-current	Balance at end of year
Buena Homes, Inc.	268,197	450,205	(692,744)	-	25,658	25,658	-	25,658
CSRI Investment Corporation	235,143	317,387	(538,935)	-	13,595	13,595	-	13,595
Total	503,340	767,592	(1,231,679)	-	39,253	39,253	-	39,253

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule D
Long Term Debt
As at December 31, 2023

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
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule E
Indebtedness to Related Parties
As at December 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Keppel Management Ltd.	21,420,000	21,420,000
Keppel Land (Regional Investments), Pte. Ltd.	1,992,776	-

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule F
Guarantees of Securities of Other Issuers
As at December 31, 2023

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
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Schedule G
Capital Stock
As at December 31, 2023

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	-	255,133,693	10,007	38,685,200
Treasury stock		(2,801,000)	-	-	-	-
Outstanding common stock		293,828,900	-	255,133,693	10,007	38,685,200
Preferred stock	135,700,000	59,474,100	-	59,474,100	-	-
		353,303,000	-	314,607,793	10,007	38,685,200

Keppel Philippines Properties, Inc.
(The “Parent Company”)
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2023

Unappropriated Retained Earnings, beginning of the year/period		(97,143,487)
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	(1,427,378,400)	
Effect of restatements or prior-period adjustments	-	
Treasury shares	-	(1,427,378,400)
Unappropriated Retained Earnings, as adjusted		(1,524,521,887)
Add/Less: Net Income (loss) for the current year/period		5,588,172,334
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	(614,050,117)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	(614,050,117)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

Cont.

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income/loss		4,974,122,217
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	967,357	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and setup of service concession asset and concession payable	(54,313)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	913,044
Total Retained Earnings, end of the year/period available for dividend declaration		**3,450,513,374**

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
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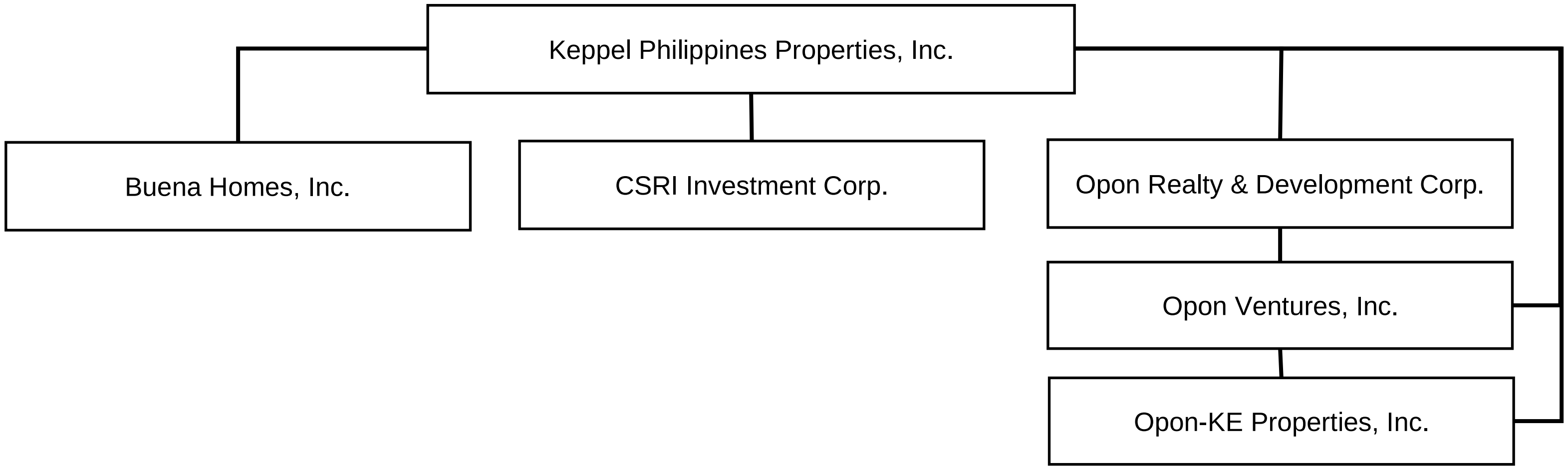
Financial Soundness Indicators
As at December 31, 2023
(With comparatives as at December 31, 2022 and 2021)

Financial ratio	Calculation		2023	2022	2021
Liquidity/current ratio	**Total current assets divided by total current liabilities**		178.77	2.73	2.87
	Total current assets	6,604,891,385			
	Divided by: Total current liabilities	36,947,087			
	Liquidity/current ratio	178.77			
Acid test ratio	**Quick assets (total current assets less prepayments and other current assets) divided by total current liabilities**		6.71	1.42	2.23
	Total current assets	6,604,891,385			
	Less: Prepayments and other current assets	(27,039,954)			
	Total	6,577,851,431			
	Divided by: Total current liabilities	979,987,212			
	Acid test ratio	6.71			
Solvency ratio	**[Net income after tax plus non-cash expenses (e.g. depreciation etc.)] divided by total liabilities**		(0.00)	(0.17)	(0.41)
	Net loss from continuing operations after tax	(5,461,755)			
	Add: Depreciation and amortization	2,877,742			
	Total	(2,584,013)			
	Divided by: Total liabilities	979,987,212			
	Solvency ratio	(0.00)			
Debt-to-equity ratio	**Total liabilities divided by total equity**		0.14	0.01	0.02
	Total liabilities	979,987,212			
	Divided by: Total equity	6,759,328,086			
	Debt-to-equity ratio	0.14			
Asset-to-equity ratio	**Total assets divided by total equity**		1.14	1.01	1.02
	Total assets	7,739,315,298			
	Divided by: Total equity	6,759,328,086			
	Asset-to-equity ratio	1.14			
Return on equity	**Net income after tax divided by total equity**		(0.11%)	(0.43%)	(1.07%)
	Net loss from continuing operations after tax	(5,461,755)			
	Divided by: Average Total equity	5,115,102,940			
	Return on equity	(0.11%)			
Return on assets	**Net income after tax divided by total assets at beginning**		(0.10%)	(0.42%)	(1.05%)
	Net loss from continuing operations after tax	(5,461,755)			
	Divided by: Average Total assets	5,624,897,681			
	Return on assets	(0.10%)			
Net profit margin	**Net income after tax divided by total revenue and income**		(9.46%)	(32.81%)	(100.48%)
	Net loss from continuing operations after tax	(5,461,755)			
	Divided by: Total revenue and income from continuing operations	57,739,851			
	Net profit margin from continuing operations	(9.46%)			
Earnings per share	**Net income divided by number of common stock outstanding**		(0.02)	(0.05)	(0.10)
	Net loss from continuing operations after tax	(5,461,755)			
	Divided by: Number of common stock outstanding	293,828,900			
	Earnings per share from continuing operations	(0.02)			

Keppel Philippines Properties, Inc. and Subsidiaries
26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills
Mandaluyong City

Keppel Group Structure
As at December 31, 2023



Subsidiaries	**Percentage of Ownership**	**Nature of Business**
Buena Homes, Inc.	100%	Investment Holding
CSRI Investment Corp.	100%	Investment Holding

Associates	**Percentage of Ownership**	**Nature of Business**
Opon Realty & Development Corp.	40%	Investment Holding
Opon Ventures, Inc.	40%	Investment Holding
Opon-KE Properties, Inc.	40%	Investment Holding

Keppel Philippines Properties, Inc.

SUSTAINABILITY REPORT 2023

Location of Headquarters	**26th Floor The Podium West Tower ADB Avenue, Ortigas Center, Brgy. Wack-Wack Greenhills East, 1555 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, 2023**
Highest Ranking Person responsible for this report	**Sarah Kang Country Head**

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MATERIALITY PROCESS

Keppel Philippines Properties, Inc. divested all its own and Opon-KE Properties Inc. shares in SM Keppel Land, Inc., (SMKL) constituting 40% and 10% interest respectively (Divestment). Following the completion of the Divestment on 22 December 2023, SMKL ceased to be an associated company of KPPI.

Despite this milestone, KPPI continues its materiality process aligned with the AA1000 Standard's 5-step Materiality Test, using the same topics as last year to ensure consistency in reporting. Material topics on the next reporting period will be reassessed and aligned with stakeholder interests.

The material topics are organized to focus on Environmental Stewardship, Responsible Business, and People and Community Development.

SUSTAINABILITY FRAMEWORK

Keppel Philippines Properties, Inc. (KPPI) continues to place sustainability at the core of its strategy, maintaining a consistent approach to delivering innovative solutions that enrich people and communities while creating enduring value for stakeholders. This commitment is articulated through KPPI's sustainability framework:

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:** ● Corporate Governance & Risk Management ● Economic Contribution to Society ● Supply Chain Management	**Material ESG Issues:** ● Human Capital Management ● Safety, Health & Well-being ● Community Development

THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

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 Building and Construction Authority of Singapore (BCA) Green Mark Gold Standard and the US Green Building Council's Leadership in Energy and Environmental Design (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 Topics	● Corporate Governance & Risk Management ● Economic Contribution to Society ● 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's 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.
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	● Safety, Health & 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. ● 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. ● Through collaboration with stakeholders, we share knowledge and best practices to support the achievement of the SDGs in the Philippines.
Contribution to the UN SDGs	● We achieved zero fatalities in 2022 and 2023. We are committed to maintaining an incident and injury-free work environment. ● We adhere to the Keppel Ltd.'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.

ENVIRONMENTAL STEWARDSHIP

CLIMATE ACTION

KPPI has incorporated recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) into its reporting framework. In this report, we voluntarily disclose our approach in four key areas recommended by the TCFD:

Disclosure	Our Approach
Governance	KPPI's key material environmental, social, and governance (ESG) issues, including climate-related risks and opportunities, are derived from Keppel Real Estate Division's material ESG issues and customized to the local setting for the 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. 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	Sustainability risk assessments, including environmental and social impacts, are integrated in KPPI Investment Review and Risk Assessment process used for major project acquisitions.
Metrics and Targets	KPPI has integrated six United Nations Sustainable Development Goals (SDGs) in its business goals, which 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.

ENVIRONMENTAL MANAGEMENT

Energy Consumption

KPPI recognizes the significant impact and risks associated with 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 energy consumption are higher energy costs, increased carbon emissions, and reduced financial stability, which can have an impact to KPPI's reputation and relationships with stakeholders, particularly those prioritizing environmental and sustainability concerns.

Throughout the reporting period, diesel consumption was consistent. However, the increase in electricity consumption is attributed to the steady rise in mall foot traffic and office tenant population.

Energy Consumption	Units	2022	2023
Diesel	GJ	254	201
Electricity	kWh	25,074,156	27,053,202

Optimizing Energy Usage

KPPI optimizes energy efficiency in building design and construction using materials and technologies that reduce energy consumption and emissions. This approach lowers energy bills for tenants as well as reduces the overall carbon footprint for the Company.

In 2023, KPPI demonstrated its commitment to energy conservation during the week-long Earth Day celebration in April. Various activities were conducted to promote energy saving practices such as awareness talks, technical tours, informative booth displays and contests promoting sustainability. The "Energy conservation challenge" encouraged tenants to reduce their energy consumption while maintaining operational efficiency.

Emissions and GHG

The Podium Complex's greenhouse gas (GHG) emissions mainly come from tenants and KPPI Office's energy consumption. 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.

In 2023, the increase in Scope 2 emissions was attributed to the rise in electricity consumption. The rise correlates with the level of occupancy in the property, indicating a boost in the operations of The Podium Complex. As part of KPPI's commitment to sustainability, it had been important to manage electricity consumption to minimize environmental impact and maintain green building status, thus continuing to attract tenants who value sustainable practices.

GHG Emissions	Units	2022	2023
Direct (Scope 1) GHG Emissions	Tonnes CO_2e	18	14
Energy indirect (Scope 2) GHG Emissions	Tonnes CO_2e	15,847	17,098

Green Building Leadership

KPPI demonstrates its commitment to green building initiatives through proactive measures and collaborations. In partnership with Green Architecture Advocacy Philippines' representatives, KPPI organized a ribbon-cutting ceremony for an event booth display in the reception lobby in celebration of the Earth Day 2023. This event featured informative talks on topics such as:

- Klima-Kialam: Why do I bother?
- The Science of Carbon Footprint
- Climate Emergency and Green Buildings
- The Business Case for Sustainable Spaces

The Podium Complex, a LEED Gold certified building, was as a testament to KPPI's dedication to environmental stewardship and sustainable practices. Its design, which incorporates features such as double-glazed windows, a green roof, and skylights, allowed for 14% less energy consumption compared to standard buildings. The implementation of 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 reduced energy consumption.

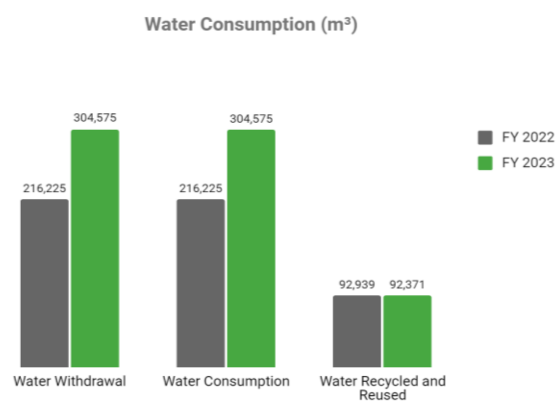
Air Pollutants

KPPI promoted sustainability by minimizing air pollutants in its operations. Levels of nitrogen oxides (NOx) and sulfur oxides (SOx) were maintained at low levels to reduce associated risks. KPPI monitored its operations, conducted regular preventive maintenance, and records power outages to reduce its environmental impact. Recent Department of Environment and Natural Resources (DENR) and Environmental Management Bureau (EMB) updates (MC 2022-003) have eliminated source emission testing for standby generator sets.

Water Consumption

KPPI remained dedicated to sustainable water management and worked with suppliers to reduce consumption and prevent improper water resource management that can lead to environmental degradation and harm to the local ecosystem.

Despite the increase in water consumption, KPPI maintained its commitment to ensure efficient water usage by optimizing water recycling and reuse systems.



Making Every Drop Count

KPPI is committed to reducing water consumption through sustainable design practices. To achieve this goal, the building featured water-efficient fixtures, a system for harvesting and utilizing rainwater and treated grey water, and a centralized sewage treatment plant. The landscape garden featured drip irrigation, and the building has meters to monitor usage as well as identify potential leaks. These efforts demonstrated KPPI's commitment to sustainability and building a greener future.

Effluents

Effluent management is an essential aspect of real estate development and property management with positive impacts including improved water quality, compliance with regulations governing water discharge management and natural resources preservation for sustainable development.

An increase in water consumption is expected to result in a corresponding increase in water discharge. To alleviate the impact of the resultant increase in water discharge in 2023, about 24% of wastewater was recycled, demonstrating KPPI's commitment to sustainable water management practices.

Effluents	Units	2022	2023
Total Volume of Water Discharges	m^3	274,640	385,773
Percent of Wastewater Recycled	%	34	24

Transforming Water Discharge

KPPI has established several initiatives to reduce raw water consumption such as introducing the provision of non-potable water for flushing and ensuring optimal water flow for potable water. These efforts as well as strict adherence to local and national regulations for water discharge management led to zero violations and penalties.

These relevant efforts demonstrated KPPI's commitment to reducing water consumption and enhancing water discharge management in 2023.

Materials

KPPI was dedicated to sustainability as it prioritizes the use of durable and locally sourced materials to reduce the carbon footprint of its projects. To uphold this commitment, KPPI has instituted various measures to ensure that the materials used in construction are eco-friendly and have low emissions.

Solid Waste

KPPI places great importance on sustainable waste management and compliance with environmental regulations to maximize its positive impact. This commitment includes practices on waste reduction, sustainable materials usage, and community engagement leading to favorable outcomes for stakeholders.

Despite a notable increase in solid waste generation in 2023, KPPI achieved a significant milestone by recycling more waste rather than disposing in the landfills and increasing the quantity of reusable materials by twofold compared to the previous year. This success highlights innovative methods for minimizing waste.

Solid Waste	Units	2022	2023
Total Solid Waste Generated	Kg	1,141,468	4,868,553
Reusable	Kg	1,022	2,652
Recyclable	Kg	189,073	2,074,350
Residuals / Landfilled	Kg	951,372	1,882,528

A Cleaner Planet

KPPI places strong emphasis on sustainability and responsible waste management by segregating and storing solid waste from various sources on-site for proper disposal. Waste collection, managed by a DENR-accredited hauler, was closely monitored by a Pollution Control Officer to ensure compliance with government regulations. To further reduce waste, KPPI promoted the use of recyclable, reusable and biodegradable containers, while also exploring stricter waste segregation systems to divert waste to composting facilities.

Hazardous Waste

Proper disposal of hazardous waste is essential to minimize environmental risks and to demonstrate environmental sustainability and corporate responsibility. KPPI implements best practices in hazardous waste management to mitigate negative effects and enhance positive impacts on environmental health, safety, and stakeholder relations.

In 2023, KPPI achieved a significant reduction of over 90% in hazardous waste generation, attributed to the absence of construction activities during the year as well as previous year's sustainable efforts to reduce hazardous waste generated. All hazardous waste generated was safely transported in compliance with DENR regulations.

Hazardous Waste	Units	2022	2023
Total Weight of Hazardous Waste Generated	Kg	17,439	789
Total Weight of Hazardous Waste Transported	Kg	17,439	789

Safe Disposal

KPPI prioritized sustainability and safety by strictly adhering to DENR regulations for the proper storage and disposal of hazardous waste. Only DENR-accredited transporters were employed to minimize environmental and public health risks. The Pollution Control Officer ensured full compliance with government requirements, while clear guidelines on hazardous waste disposal were provided during tenant orientations. This collaboration with tenants promoted a safe and sustainable environment for all.

Environmental Compliance

As a real estate development and property management company, KPPI must comply with all relevant environmental laws and regulations such as the Environmental Impact Assessment Law, Clean Air and Water Acts, Waste Management Regulations, and Building Energy Efficiency Regulations to ensure environmental sustainability.

In 2023, KPPI maintained a strong record of adhering to environmental laws and regulations, with no reported instances of non-compliance. This demonstrated KPPI's commitment to environmental stewardship and sustainable practices in its operations.

Environmental Compliance	Units	2022	2023
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	19,500	0
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

Environmental Protection

KPPI integrated Quality, Environmental, Health and Safety (QEHS) management into its business, recognizing its pivotal role in driving sustainability and attaining operational excellence. The Company's property met the BCA Green Mark standards and was awarded with the LEED GOLD certification by the US Green Building Council, demonstrating its commitment to sustainability.

RESPONSIBLE BUSINESS

CORPORATE GOVERNANCE & RISK MANAGEMENT

Anti-Corruption Policies, Procedures and Incidents

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

Over the past years, KPPI has maintained zero incidents of corruption among its directors, employees, and business partners. Keppel's Code of Conduct and anti-corruption policy are effectively communicated to key stakeholders including its employees and business partners to ensure their awareness of the policies and procedures. Furthermore, all directors and employees undergo corporate governance training to ensure their commitment to ethical behavior and practices.

Anti-Corruption Policies and Procedures	Units	2022	2023
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	2022	2023
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

Culture of Integrity

KPPI is dedicated to upholding sustainability and corporate governance principles to ensure integrity in its operations. The Board sets the tone and takes a strong stance against corrupt practices as stipulated in KPPI's Manual on Corporate Governance. Keppel's Code of Conduct integrates anti-corruption policy and is communicated to its employees through annual comprehensive training to embed it in KPPI's culture. Employees are encouraged to report any illegal or unethical practices through the whistleblowing framework.

By taking these measures, KPPI is demonstrating its commitment to transparency, accountability, and responsible business practices. This will ultimately help build trust with stakeholders and contribute to a more sustainable future for the Company.

Cybersecurity and Data Protection

In 2023, KPPI maintained its focus on cybersecurity and data protection, recognizing its importance in enhancing sustainability performance and fostering trust with clients. Through adherence to robust data protection measures, clear data usage transparency, and commitment to privacy, KPPI maintained its reputation as a trusted custodian of client information.

KPPI remained vigilant in safeguarding its customers and had no recorded customer privacy complaints, no instances of customer data misuse, and no incidents of data breaches, leaks, theft, or data losses. This reflects KPPI's dedication to maintaining the highest standards of data security.

Customer and Data Privacy Incidents	Units	2022	2023
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	#	Not Applicable	Not Applicable
No. of Data Breaches, including Leaks, Thefts and Losses of Data	#	0	0

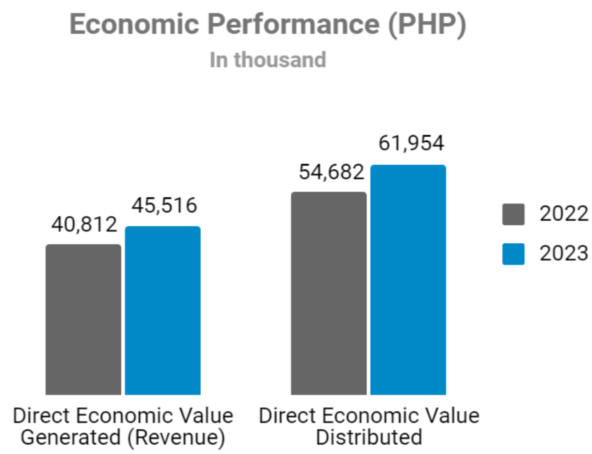
Safeguarding Information

KPPI values stakeholder privacy and data protection and is committed to implementing stringent internal security measures and regular compliance reviews. The Company emphasizes end-user protection and conducts periodic employee training on cybersecurity awareness. KPPI ensures the effectiveness of its IT Disaster Recovery Plan through frequent reviews and tests. Continuous improvement is achieved through periodic risk assessments and technology upgrades.

ECONOMIC CONTRIBUTION TO SOCIETY

Direct Economic Value Generated and Distributed

There has been a resurgence in growth within the real estate market in the Philippines. KPPI recorded an increase in the revenue primarily attributed to the improved performance of mall tenants and removal of rental concessions post-pandemic. This growth provided opportunities for its employees and generated economies for office-based and retail businesses and the local municipality where it operates. The economic value generated has been distributed among KPPI's stakeholders, including employees, suppliers, the government, and the community as a commitment to be a responsible and engaged contributor to the community.



In 2023, payments to suppliers and operating costs were lower due to the termination of a consultancy agreement with its affiliate effective January 2023, alongside the implementation of cost-saving measures such as relocation to a smaller office space. On the other hand, employee wages, benefits, and taxes paid to the government increased significantly due to higher employee bonuses in 2023 and additional tax assessments settled by the Company.

	Direct Economic Value Distributed	Units	2022	2023
a.	Payments to Suppliers/Operating Costs	PHP	28,281,047	17,330,454
b.	Employee Wages and Benefits	PHP	25,993,920	32,695,881
c.	Taxes given to Government	PHP	331,339	11,927,871
d.	Investments to Community	PHP	75,961	-

Maximizing Growth

In 2023, KPPI has focused on maximizing economic value through the effective attraction and retention of tenants, as well as adhering to international standards in property development and management. This has also enabled KPPI to foster progress for employees, investors, shareholders, and local communities. This is underpinned by a strategy that emphasizes financial discipline, regulatory compliance, and strong corporate governance encompassing principles such as risk management, fairness, accountability, and transparency.

SUPPLY CHAIN MANAGEMENT

Supply Chain Management

KPPI has taken significant steps to ensure the sustainability performance of its supply chain. This includes procuring sustainable building materials, promoting fair labor practices, and implementing efficient logistics. These efforts benefit KPPI and positively impact its customers, suppliers, employees, and the environment.

The Keppel Supplier Code of Conduct sets clear guidelines for ethical behavior, fair treatment of workers, and environmental responsibility for its suppliers, parent entities, subsidiaries, affiliates, and employees.

Supplier Accreditation Sustainability Topic	Reference (Keppel Supplier Code of Conduct)
● Environmental Performance	Included in construction specifications and stated under Environmental Management (pages 4-5)
● Forced Labor, Child Labor and Human Rights	Specified in the bidding Terms of Reference and stated under Human Rights (pages 3-4)
● Bribery and Corruption	Stated under Business Conduct (page 2)

Building a Responsible Supply Chain

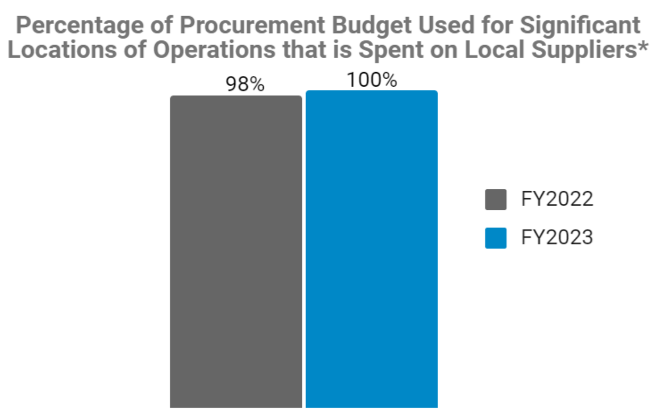
In 2023, KPPI has promoted sustainability in its supply chain by selecting contractors with strong track records in quality, environmental, and safety management. Preference is given to contractors with ISO certifications. Suppliers with significant transactions must comply with the Keppel Supplier Code of Conduct, which is in line with sustainability principles. KPPI holds suppliers accountable to this code and reserves the right to discontinue business with non-compliant suppliers.

Please refer to the following link for more details: Supplier Code of Conduct

Procurement Practices

KPPI's commitment to sustainable procurement practices is evident in its focus on sourcing materials and products from suppliers who prioritize environmental sustainability and ethical labor practices.

In 2023, 100% of the procurement budget was spent on local suppliers, an increase from 98% in the previous year. This achievement reduces KPPI's carbon footprint and supports local economies. KPPI will continue to prioritize sustainability in its procurement processes, seeking out suppliers who contribute to positive community impact.



Efficient Purchasing

KPPI emphasizes its commitment to ethical procurement practices and recognizes the importance of working with local suppliers and service providers to promote inclusive growth opportunities and support local communities.

KPPI ensures the quality and reliability of products and services from its suppliers by implementing and enforcing the Keppel Supplier Code of Conduct. Through this, KPPI continues to uphold ethical standards and maintain its reputation as a responsible and ethical company, delivering value to its customers while contributing to the development of local communities.

PEOPLE AND COMMUNITY

HUMAN CAPITAL MANAGEMENT

Employee Hiring, Benefits and Data

KPPI's employee hiring and benefits policies are carefully crafted to promote inclusivity, diversity, and employee satisfaction. The Company believes that creating a supportive and inclusive workplace is key to a positive environment within the organization.

The Divestment resulted in a significant reduction in the number of employees in the KPPI Group, with KPPI retaining a skeletal workforce while SMKL employees were absorbed by the buyer company. Despite this change, KPPI remained committed to providing competitive and comprehensive benefits that support the well-being and satisfaction of its employees. These benefits include social insurance, mandatory benefits, leave, health insurance, telecommuting options, retirement plans, medical reimbursements, and rice allowance.

Employee Data	Units	2022*	2023
Total Number of Employees	#	30	4
a. Number of Female Employees	#	18	3
b. Number of Male Employees	#	12	1
Attrition Rate**	Rate	-3.28%	-0.71%
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1.80:1.00	1.85:1.00

**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); For 2023, the no. of employee turnover does not include SMKL employees absorbed by the buyer company.*

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	6%	8%
Vacation Leave	100%	100%
Sick Leave	100%	100%
Medical Benefits (Aside from PhilHealth)**	100%	100%
Retirement Fund (Aside from SSS)**	22%	25%
Telecommuting	100%	100%
Flexible – Working Hours	100%	100%

** Excluded from count: expats; ** Includes HMO, Group life & Accident Insurance. Probationary not covered by HMO until they are regularized.*

Employee Satisfaction

KPPI emphasizes its commitment to providing a positive and inclusive workplace for employees. The Company ensures equal opportunities and fair treatment for all employees in its structured and merit-based recruitment process, regardless of race, gender, religion, or age. KPPI also ensures that all employees receive government-mandated benefits and conducts an annual employee satisfaction survey to address any concerns.

KPPI placed importance on employee engagement activities, aimed at creating a more positive work environment. Activities conducted in 2023 were monthly staff birthdays celebration, company outing and team building, and Employee Appreciation Month in August and Mental Well-being Month in October. KPPI employees have been participating in "Friday Game Day" organized in their new serviced office.

Employee Training and Development

KPPI maintained a strong commitment to employee training and development despite the significant reduction in manpower count. While total training hours provided to employees decreased by more than 50%, the average training hours provided to employees significantly increased in 2023.

Employee Training Hours	Units	2022	2023
Total Training Hours Provided to Employees		285	131
a. Female	Hours	136	102
b. Male	Hours	149	29
Average Training Hours Provided to Employees			
a. Female	Hours/Employee	7.6	34
b. Male	Hours/Employee	12.4	29

The increase in the average training hours provided to both female and male employees showcase proactive efforts to ensure that employees are equipped with the necessary knowledge and skills to excel in their roles. This positively benefits individual employees and contributes to KPPI's overall success and competitiveness in the market.

Nurturing Talent Growth

KPPI continuously monitors and recommends courses and training programs offered by industry leaders, research groups, and academic institutions for employees' professional growth. The Company recognizes the crucial role of staff training and development for both individual and company success. The annual performance review process and surveys help determine employees' training requirements.

Key seminars and training conducted in 2023 include:

- Data Protection and Privacy Seminar
- Cyber Security and Data Protection Awareness Training
- FAL Training
- Ethics and Internal Controls Annual Training
- New ethiXbase TPA Platform Training
- HDMF Financial Literacy Webinar
- Various Corporate Governance Seminars
- Control Self-Assessment Training
- Mental well-being month - Stress to Zest
- Tax Updates Webinar
- Annual Training and Declaration of Group Policies
- Anti-money Laundering/Counter Terrorism Financing Fundamentals Webinar

Diversity And Equal Opportunities

Notwithstanding the Divestment, KPPI maintained a diverse workforce comprising both male and female employees.

KPPI recognizes the importance of ensuring that all employees, regardless of gender or other characteristics, have equal opportunities for growth and advancement within the organization. This commitment is central to KPPI's values and will continue to guide its actions as it moves forward.

Workforce Diversity	Units	2022	2023
Female Workers in the Workforce	%	60%	75%
Male Workers in the Workforce	%	40%	25%
Employees from Indigenous Communities and/ or Vulnerable Sector*	#	3	0

**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).*

Embracing Differences

KPPI is dedicated to embracing diversity and fostering an inclusive workplace. As a responsible organization, KPPI firmly upholds its principles of merit-based hiring and a zero-tolerance policy against discrimination.

This commitment to diversity and inclusion is evident in KPPI's adherence to ethical labor practices and stringent anti-discrimination policies. The Company advocates for the elimination of all exploitative work conditions, as stipulated in the Labor Code of the Philippines. Through these initiatives, KPPI guarantees fair treatment for all employees, offering equal opportunities for growth and advancement. This approach creates a workplace that celebrates diversity and welcomes differences.

Labor Laws And Human Rights

KPPI ensures a safe and ethical work environment by complying with labor laws and human rights. In 2023, there were no cases of child or forced labor, or any human rights violations within KPPI or its contractors. The Company has implemented measures, such as enhanced recruitment screening and employee training to prevent such violations. KPPI's policy to prohibit unethical labor practices, as outlined in its Health and Safety specifications for contractors, supports these initiatives.

Legal Action / Grievance	Units	2022	2023
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 right clauses.

Ethical Workplace

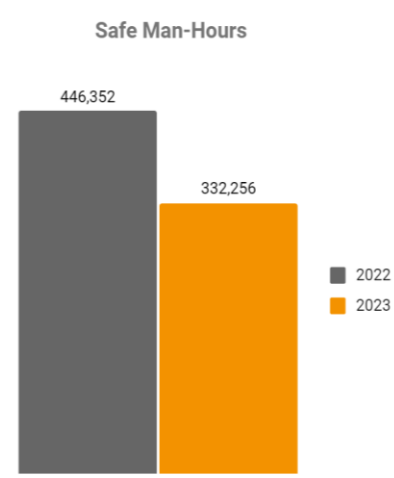
In compliance with the Labor Code of the Philippines, KPPI strictly prohibits forced and child labor and violations of human rights standards.

KPPI takes proactive measures to ensure adherence to ethical labor practices which includes proper training for HR staff and front-line managers on handling workplace concerns as well as having reporting lines where employees can report any breach or incident.

SAFETY, HEALTH & WELL-BEING

Workplace Safety and Health

KPPI's commitment to workplace safety is evident in its record of zero work-related injuries, fatalities, and ill-health cases in both 2022 and 2023. To enhance operational readiness in handling emergencies, KPPI regularly conducts safety drills related to bomb threat, fire emergencies, and participation in nation-wide simultaneous earthquake drills. These drill exercises are integral to the emergency and disaster preparedness of KPPI's employees and property personnel to ensure their safety and well-being.



OHS Incidents and Drills	Units	2022	2023
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	#	6	5

Promoting Safety Culture

KPPI maintains the implementation of its "Keppel Zero Fatality Strategy". All employees, contractors, and suppliers adhere to the strategy's five thrusts, fostering a high-performance safety culture. The Company conducts safety workshops, training sessions and drills to promote safety awareness and preparedness.

KPPI upholds the Five Key Safety Principles to emphasize that every incident is preventable, and that safety is a line responsibility. By continually enhancing the capabilities and discipline of its employees, KPPI aims to cultivate a culture of Zero Fatality.

CUSTOMER MANAGEMENT

Customer Satisfaction

KPPI is dedicated to enhancing customer satisfaction, recognizing its impact on brand reputation, customer loyalty, and business success. KPPI strives to preserve a positive reputation and drive growth through enhancement of customer satisfaction. KPPI conducted a year-end internal survey among tenants of The Podium West Tower which aimed to gather feedback and consequently to improve services. The survey results showed a notable customer satisfaction score of 82% and the feedback received serves as a guide to further improve the quality of service.

	Score (%)	Third-party conduct the customer satisfaction study
Customer Satisfaction	82%	No

Enhancing Customer Engagement

KPPI emphasized its customer-centric approach, exemplified by a comprehensive leasing process flow and proactive engagement with tenants. The Company's commitment to transparency and responsiveness fostered positive relationships with tenants at The Podium Complex. KPPI's dedication to promptly address feedback and conduct regular customer satisfaction surveys reflected its commitment to continuously improve services and support tenant growth.

Customer Health And Safety

KPPI highlights health and safety in real estate development and property management to ensure the well-being of occupants and to provide a secure environment. In 2023, there were no substantiated complaints regarding product or service health and safety. KPPI will remain diligent in monitoring and evaluating its practices to ensure they meet or exceed relevant standards.

Health And Safety Complaints	Units	2022	2023
No. of Substantiated Complaints on Product or Service Health and Safety	#	3	0
No. of Complaints Addressed	#	3	0

Secure and Healthy Spaces

KPPI ensured the effective implementation of customer health and safety through rigorous monitoring and enforcement. Periodic inspections and maintenance of facilities and equipment were conducted by qualified specialists to ensure proper implementation of all relevant safety standards. This emphasized KPPI's goal of providing a secure and conducive environment, which can build trust and confidence among its key stakeholders.

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 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.

There were no substantiated complaints regarding marketing and labelling in the reporting year.

Marketing and Labeling Complaints	Units	2022	2023
No. of Substantiated Complaints on Marketing and Labeling	#	1	0
No. of Complaints Addressed	#	1	0

Brand Transparency and Accountability

KPPI was dedicated to maintaining strong relationships with its stakeholders. Its marketing strategy was designed to reflect these values, emphasizing transparency and accuracy in promotions to build trust with potential tenants and other stakeholders. Before any information was released to the public, it underwent a rigorous review process to ensure accuracy. In 2023, KPPI also took a proactive approach to managing tenant expectations by offering clear explanations of rules and requirements before contracts are signed, as well as walk-in tours of the area to assist in informed decision-making.

KEPPEL PHILIPPINES PROPERTIES, INC.
INDEX TO EXHIBITS
SEC FORM 17-A

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%