COVER SHEET

PW-305

SEC Registration Number

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

(Business Address: No. Street City/Town/Province)

Pang Chan Fan	8584-6170
(Contact Person)	(Company Telephone Number)

03	31	17-Q	08	13
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

N/A

(Secondary License Type, If Applicable)

CFD	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

1,241 as at 31 March 2021	–	–
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **31 March 2021**

2. Commission identification number **PW305**

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

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

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

6. Industry Classification Code: ______ (SEC Use Only)

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

8. **(02) 8584-6170**
Registrant's telephone number, including area code

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**293,828,900**
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. Indicate by check mark whether the registrant:

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 Sections 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 90 days.
Yes [/] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Financial Position
As at March 31, 2021
(With comparative figures as at December 31, 2020)
(All amounts in Philippine Peso)

	Notes	Unaudited 31 March 2021	Audited 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents		94,036,749	101,296,379
Receivables		1,361,329	1,293,030
Due from related parties	6	54,954,475	52,389,751
Prepayments and other current assets		26,948,375	26,484,289
Total current assets		177,300,928	181,463,449
Non-current assets			
Financial assets at fair value through other comprehensive income	2	79,512,230	79,512,230
Investments in associates and a joint venture	3	2,214,578,485	2,202,189,380
Property and equipment, net	4	5,597,874	6,808,521
Right-of-use asset, net	5	5,290,083	6,510,871
Refundable deposits	5	1,469,274	1,513,812
Retirement benefits asset	10	274,459	274,459
Deferred income tax assets, net		842,470	753,352
Total non-current assets		2,307,564,875	2,297,562,625
Total assets		2,484,865,803	2,479,026,074
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities		15,793,711	16,144,926
Due to related parties	6	55,129,696	55,252,351
Lease liability, current portion	5	4,533,140	5,308,133
Income tax payable		174,053	77,998
Total current liabilities		75,630,600	76,783,408
Non-current liability			
Lease liability, net of current portion	5	-	468,943
Total liabilities		75,630,600	77,252,351
Equity			
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	9	405,249	405,249
Retained earnings		1,452,508,082	1,445,046,602
Total equity		2,409,235,203	2,401,773,723
Total liabilities and equity		2,484,865,803	2,479,026,074

The notes from pages 5 to 26 are an integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Comprehensive Income
For each of the three months ended March 31, 2021
(All amounts in Philippine Peso)

	Notes	Unaudited 2021	Unaudited 2020
Gross revenue (loss)			
Share in results of associated companies	3	12,389,105	(11,952,155)
Management consultancy and franchise fees	6	5,652,661	5,639,842
Interest income		77,919	697,283
Gross revenue (loss), net		18,119,685	(5,615,030)
General and administrative expenses	7	(11,157,114)	(16,857,900)
Other income, net		862,795	3,248,046
Income (loss) before income tax		7,825,366	(19,224,884)
Income tax expense		(363,886)	(1,457,041)
Net income (loss) for the period		7,461,480	(20,681,925)
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		7,461,480	(20,681,925)
Basic earnings (loss) per share	8	0.03	(0.07)

The notes from pages 5 to 26 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Changes in Equity
For each of the three months ended March 31, 2021
(All amounts in Philippine Peso)

	Share capital		Share	Treasury	Other reserves	Retained	
	Common	**Preferred**	**premium**	**Shares**	(Note 9)	**earnings**	**Total equity**
Balances at January 1, 2021	296,629,900	59,474,100	602,885,517	(2,667,645)	405,249	1,445,046,602	2,401,773,723
Total comprehensive income for the period	-	-	-	-	-	7,461,480	7,461,480
Balances at March 31, 2021	296,629,900	59,474,100	602,885,517	(2,667,645)	405,249	1,452,508,082	2,409,235,203
Balances at January 1, 2020	296,629,900	59,474,100	602,885,517	(2,667,645)	498,168	1,532,578,803	2,489,398,843
Total comprehensive loss for the period	-	-	-	-	-	(20,681,925)	(20,681,925)
Balances at March 31, 2020	296,629,900	59,474,100	602,885,517	(2,667,645)	498,168	1,511,896,878	2,468,716,918

The notes on pages 5 to 26 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Interim Consolidated Statements of Cash Flows
For each of the three months ended March 31, 2021
(All amounts in Philippine Peso)

	Notes	Unaudited 2021	Unaudited 2020
Cash flows from operating activities			
Income (loss) before income tax		7,825,366	(19,224,884)
Adjustments for:			
Share in results of associated companies	3	(12,389,105)	11,952,155
Depreciation and amortization expense	4,5,7	2,431,435	2,521,630
Unrealised foreign exchange loss		7,799	16,955
Gain on reversal of liabilities		(293,184)	(2,375,282)
Interest expense on lease liability	5	104,602	136,371
Interest income		(77,919)	(697,283)
Operating loss before working capital changes		(2,391,006)	(7,670,338)
Decrease (increase) in:			
Receivables		(74,501)	703,930
Due from related parties		(2,564,724)	868,223
Prepayments and other current assets		(464,086)	(1,860,075)
Refundable deposits		44,538	-
Increase (decrease) in:			
Accounts payable and other current liabilities		(65,830)	(4,723,070)
Due to related parties		(122,655)	(10,733,662)
Net cash used in operations		(5,638,264)	(23,414,992)
Interest income received		85,671	795,439
Income taxes paid		(358,499)	(515,913)
Net cash used in operating activities		(5,911,092)	(23,135,466)
Cash flows from financing activities			
Payments for the principal portion and advance rental of lease liability	5	(1,243,936)	(1,147,952)
Payments for the interest portion of lease liability	5	(104,602)	(136,371)
Net cash used in financing activities		(1,348,538)	(1,284,323)
Net decrease in cash and cash equivalents		(7,259,630)	(24,419,789)
Cash and cash equivalents at January 1		101,296,379	158,601,955
Cash and cash equivalents at March 31		94,036,749	134,182,166

The notes on pages 5 to 26 are integral part of these interim consolidated financial statements.

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

Note 1 - Corporate information

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

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

As at March 31, 2021 and December 31, 2020, the top five shareholders of the Parent Company are the following:

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

**8% direct ownership and 6% through PCD Nominee Corporation*

The Parent Company holds investments in associates and joint venture involved in property development and holding of investment properties (Note 3) and renders management consultancy services to associates (Note 6).

As at March 31, 2021 and December 31, 2020, the Parent Company's subsidiaries, associates and joint venture, which were all incorporated in the Philippines are as follows:

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

The Group's principal office address is 18th Floor, Units 1802B-1803, The Podium West Tower, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

Note 2 - Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) as at March 31, 2021 and December 31, 2020 are presented below.

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

(a) Preferred equity securities

Preferred equity securities pertain to investments in redeemable preferred shares of OVI and OKEP which were acquired in 2012 at ten pesos (P10) per share. These investments are classified as financial assets at FVOCI as the characteristics of the investments do not give the Group significant influence over OVI and OKEP (Note 3). These investments are carried at cost less impairment as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

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

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

(b) Club shares

The original cost in investment in the Club Filipino Inc. de Cebu shares amounted to P225,000 as at March 31, 2021 and December 31, 2020. No movement in the fair value gains on financial assets at FVOCI was recognized by the Parent Company for the three months ended March 31, 2021 and 2020.

Note 3 - Investments in associates and a joint venture

Details of investments in associates and joint venture as at March 31, 2021 and 2020, and December 31, 2020 are as follows:

	For the three months ended 31 March 2021	2020	For the year ended 31 December 2020
Cost			
At January 1 and at period/year end	653,989,443	653,989,443	653,989,443
Accumulated share in results of associated companies presented in profit or loss			
At January 1	1,548,338,406	1,598,370,306	1,598,370,306
Share in results of associated companies	12,389,105	(11,952,155)	(50,031,900)
At period/year end	1,560,727,511	1,586,418,151	1,548,338,406
Presented in other comprehensive income			
At January 1	(138,469)	51,511	51,511
Share in other comprehensive loss	-	-	(189,980)
At period/year end	(138,469)	51,511	(138,469)
	2,214,578,485	2,240,459,105	2,202,189,380

The carrying values of the Group's investments in associates and joint venture and the related percentages of ownership as at March 31, 2021 and December 31, 2020 are shown below:

	Percentage of ownership		Carrying amount	
	2021	2020	2021	2020
Associates				
OKEP	40%	40%	167,693,511	166,657,663
OVI	40%	40%	68,844,269	68,236,003
ORDC	40%	40%	42,696,628	42,347,771
Joint venture				
SMKL	40%	40%	1,935,344,077	1,924,947,943
			2,214,578,485	2,202,189,380

The associates and joint venture were accounted for using the equity method. There were no dividends received from the associates and joint venture for the period ended March 31, 2021 and December 31, 2020. As at March 31, 2021 and December 31, 2020, there were no quoted prices for these investments.

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

(a) Associates

(i) ORDC

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

(ii) OVI

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

(iii) OKEP

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

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

(b) Joint Venture

(i) SMKL

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

Note 4 - Property and equipment, net

Details of property and equipment, net as at March 31, 2021 and December 31, 2020 are as follows:

	Notes	Office equipment	Furniture and fixtures	Leasehold Improvements	Total
Cost					
At January 1, 2020		3,691,609	1,470,618	11,542,143	16,704,370
Additions		515,215	-	-	515,215
At December 31, 2020 and March 31, 2021		4,206,824	1,470,618	11,542,143	17,219,585
Accumulated depreciation					
At January 1, 2020		2,485,555	461,334	2,564,921	5,511,810
Depreciation		613,570	438,303	3,847,381	4,899,254
At December 31, 2020		3,099,125	899,637	6,412,302	10,411,064
Depreciation	7	141,744	107,058	961,845	1,210,647
At March 31, 2021		3,240,869	1,006,695	7,374,147	11,621,711
Net carrying amount					
At December 31, 2020		1,107,699	570,981	5,129,841	6,808,521
At March 31, 2021		965,955	463,923	4,167,996	5,597,874

The cost of fully depreciated property and equipment still used in operations amounted to P1.8 million as at March 31, 2021 and December 31, 2020.

Note 5 - Right-of-use asset, net and lease liability

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 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. The monthly base rental will be subject to an increase of five percent (5%) per annum on the first annual anniversary of the commencement date and every annual anniversary thereof.

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 is from January 1, 2020 to May 14, 2022 and is renewable subject to the terms and conditions to be mutually agreed upon by both parties. The monthly base rental will be subject to an increase of five percent (5%) per annum on the first annual anniversary of the commencement date and every annual anniversary thereof.

Total rent expense for the parking space charged to operations amounted to P15,750 and nil for the period ended March 31, 2021 and 2020, respectively. This rent expense is presented as part of "Rental" in the "General and administrative expenses" (Note 7).

(b) Short-term lease agreements

The Parent Company also entered into operating lease agreements for its officers' housing. These agreements will expire in various dates in 2021. Total rent expense charged to operations, that is presented as part of "Salaries, wages and employee benefits" in the "General and administrative expenses" (Note 7), amounted to P0.8 million in 2021 (2020 - P1.0 million).

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

Security deposits and advance rentals for long-term and short-term leases are presented in the statements of financial position as at March 31, 2021 and December 31, 2020 as follows:

	2021	2020
Prepayments and other current assets	260,211	669,474
Refundable deposits	1,469,274	1,513,812
	1,729,485	2,183,286

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 March 31, 2021 and December 31, 2020 are as follow:

	Note	Amount
Cost		
At March 31, 2021 and December 31, 2020		14,649,459
Accumulated amortization		
At January 1, 2020		3,191,597
Amortization		4,946,991
At December 31, 2020		8,138,588
Amortization	7	1,220,788
At March 31, 2021		9,359,376
Net carrying amount		
At December 31, 2020		6,510,871
At March 31, 2021		5,290,083

There were no additions to the right-of-use asset for the period ended March 31, 2021 and December 31, 2020.

Movements in the lease liabilities for the period ended March 31, 2021 and December 31, 2020 are as follow:

	2021	2020
Lease liabilities		
At January 1	5,777,076	10,493,736
Principal payments	(1,243,936)	(4,716,660)
Interest payments	(104,602)	(591,874)
Interest expense	104,602	591,874
At period/year end	4,533,140	5,777,076
Lease liabilities		
Current	4,533,140	5,308,133
Non-current	-	468,943
	4,533,140	5,777,076

<u>Discount rate</u>

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 7.8% in for the period ended March 31, 2021 and December 31, 2020.

Extension and termination options

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

Note 6 - Related party disclosures

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*. The significant related party transactions for the three months ended March 31, 2021 and 2020 and outstanding balances as at March 31, 2021 and December 31, 2020 are as follows:

Related party	2021 Transaction amount (3 months)	2021 Outstanding receivable (payable)	2020 Transaction amount (3 months)	2020 Outstanding receivable (payable)	Terms and conditions
Due from related parties:					
Associates					
OKEP					
Operating advances (a)	15,512	44,965,029	151,347	44,949,517	Non-interest-bearing, unsecured, collectible in cash upon demand
OVI					
Operating advances (a)	15,561	2,638,013	149,107	2,622,452	Non-interest-bearing, unsecured, collectible in cash upon demand
ORDC					
Operating advances (a)	15,511	161,437	(782,623)	145,926	Non-interest-bearing, unsecured, collectible in cash upon demand
Joint venture					
SMKL					
Operating advances (a)	1,661,743	7,189,996	1,357,662	4,671,856	Non-interest-bearing, unsecured, 30 to 60 days, collectible in cash
		54,954,475		52,389,751	
Receivables					
Joint venture					
SMKL					
Management fee (b)	4,037,615	800,744	4,028,458	800,744	Non-interest-bearing, unsecured, 30 to 60 days, collectible in cash
Franchise fee (b)	1,615,046	320,298	1,611,384	320,298	Non-interest-bearing, unsecured, 30 to 60 days, collectible in cash
		1,121,042		1,121,042	
Due to related parties:					
Associates					
OKEP					
Advances (c)	-	(40,298,507)	-	(40,298,507)	Non-interest-bearing, unsecured, payable in cash upon demand
Entities under common control					
SMPM					
Management fee (e)	-	(14,751,281)	215,129	(14,751,281)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
KL(RI)					
Operating advances (d)	-	(79,908)	-	(79,908)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
KL(IM)					
Operating advances (d)	-	-	-	(122,655)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
		(55,129,696)		(55,252,351)	
Lease liability:					
Joint Venture					
SMKL					
Rentals (f)	1,348,539	(4,533,140)	1,284,323	(5,777,076)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
		(4,533,140)		(5,777,076)	

(a) The Parent Company made operating advances for expenses incurred by associates and joint venture for the period ended March 31, 2021 and 2020. These operating advances represents expenses incurred in the normal operations paid on behalf of the Group's associates and joint ventures. These are recharged at cost.

(b) The Parent Company provides management, advisory and consultancy services to SMKL. The amount of management fee charged by the Group to SMKL amounted to P4.0 million in the first quarter of 2021 (2020 - P4.0 million). The amount of franchise fee charged amounted to P1.6 million in the first quarter of 2021 (2020 - P1.6 million). Management fee is charged at 2.5% of annual net revenues of SMKL while franchise fee is charged at 1.0% of net revenues of SMKL. Outstanding receivables from SMKL for management and franchise fees amounted to P1.1 million as at March 31, 2021 and December 31, 2020, that is presented as part of "Receivables" in the interim consolidated statements of financial position.

(c) On December 22, 2011, the BOD of BHSI approved BHSI's plan to decrease its authorized share capital. In relation to this and pending the SEC's approval of such plan, BHSI made partial advance returns of the investments to its shareholders which include BHI and OKEP. The initial partial returns of investments of BHI and OKEP amounting to P59.7 million and P40.3 million, respectively, were remitted to the Parent Company in 2012 instead of BHI and OKEP as form of advances from the two entities resulting to liabilities to BHI and OKEP.

(d) Keppel Land (Regional Investments) Pte. Ltd. (KL(RI)) and Keppel Land International (Management) Pte. Ltd. (KLI(M)), entities under common control, provide support services to the Group. Operating advances for the expenses incurred by the Group from these entities are recharged at cost.

(e) Straits Mansfield Property Marketing Pte, Ltd. (SMPM), an entity under common control, provides consultancy, advisory and support services to the Parent Company and SMKL. Consultancy fees charged by SMPM, which is based on the time spent by SMPM personnel in rendering services to the Parent Company, amounted to nil and P0.2 million for the period ended March 31, 2021 and 2020. Outstanding payables to SMPM related to the consultancy fees amounted to P14.8 million as at March 31, 2021 and December 31, 2020.

(f) In 2019, the Parent Company entered into an operating lease agreement with SMKL for its office space located in The Podium West Tower. The lease term covers a period of three years from May 15, 2019 to May 14, 2022 and is renewable subject to terms and conditions to be mutually agreed upon by both parties. Total payments related to this lease agreement amounted to P1.3 million for the period ended March 31, 2021 and 2020.

Transactions related to key management personnel of the Group for the three months ended March 31, 2021 and 2020 are as follows:

	2021	2020
Salaries and other short-term employee benefits	4,291,977	8,298,739
Bonuses and allowances	1,162,905	1,598,314
	5,454,882	9,897,053

There were neither stock options nor other long-term benefits given to key management personnel for the period ended March 31, 2021 and 2020. There were no outstanding balances with key management personnel as at March 31, 2021 and December 31, 2020.

Details of related party transactions for the three months ended March 31, 2021 and 2020 and outstanding balances as at March 31, 2021 and December 31, 2020 that were eliminated during consolidation are as follows:

	2021		2020		
Subsidiary	Transaction amount (3 months)	Outstanding balance	Transaction amount (3 months)	Outstanding balance	Terms and conditions
Due from subsidiaries					
BHI	26,814	256,211	23,037	229,397	Non-interest-bearing, unsecured, collectible in cash upon demand
CSRI	9,188	185,210	150,811	176,022	Non-interest-bearing, unsecured, collectible in cash upon demand
		441,421		405,419	
Due to a subsidiary					
BHI	-	(59,701,493)	-	(59,701,493)	Non-interest-bearing, unsecured, payable in cash upon demand

Note 7 - General and administrative expenses

General and administrative expenses for the three months ended March 31, 2021 and 2020 are as follows:

	Notes	2021	2020
Salaries, wages and employee benefits		6,926,533	11,760,973
Amortization	5	1,220,788	1,284,627
Depreciation	4	1,210,647	1,237,003
Professional fees		561,400	512,223
Membership and dues		421,243	428,243
Taxes and licenses		195,097	90,651
Insurance		154,602	168,201
Utilities		121,271	266,168
Rental		96,107	122,425
Repairs and maintenance		35,885	197,192
Office supplies		20,179	44,053
Transportation and travel		15,858	164,950
Bank and other charges		12,192	48,615
Management consultancy fees	6	-	215,129
Others		165,312	317,447
		11,157,114	16,857,900

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

Note 8 - Earnings (loss) per share

Earnings (loss) per share for the three months ended March 31, 2021 and 2020 are as follows:

	2021	2020
Net income (loss)	7,461,480	(20,681,925)
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900
Basic and diluted earnings (loss) per share	0.03	(0.07)

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

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

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

Note 9 - Other reserves

Other reserves pertain to items of other comprehensive income that will not be reclassified to profit or loss. These include actuarial gain on defined benefit plan, net of tax, amounting to P0.4 million as at March 31, 2021 and 2020, and share in actuarial gain of a joint venture amounting to P0.3 million and P0.1 million as at March 31, 2021 and 2020, respectively (Notes 3).

Note 10 - Retirement benefits

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

Republic Act 7641, The New Retirement Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. The law does not require minimum funding of the plan. The latest actuarial valuation date of the Parent Company's retirement plan is as of December 31, 2020.

The net retirement benefit asset recognized in the interim consolidated statements of financial position as at March 31, 2021 and December 31, 2020 is determined as follows:

Fair value of plan assets	2,406,093
Present value of defined benefit obligation	(2,131,634)
	274,459

The Group's net retirement benefit asset reflected in the interim consolidated financial statements represents the Parent Company's retirement plan since the impact of SMKL's retirement plan is reflected as part of "Share on actuarial gain (loss) of a joint venture".

Changes in the net retirement benefit asset recognized in the interim consolidated statements of financial position for the year ended December 31, 2020 are as follows:

At January 1	360,032
Retirement benefit expense recognized in profit or loss	(354,234)
Remeasurements recognized in other comprehensive income	
Changes in financial assumptions	(198,016)
Deviations of experience from assumptions	297,651
Loss on plan assets	39,024
Contributions to the retirement fund	130,002
At December 31	274,459

The components of retirement benefit expense and net interest income recognized in profit or loss for the year ended December 31, 2020 are as follows:

Current service cost presented as retirement expense	373,280
Net interest income	(19,046)
	354,234

The remeasurements recognized in other comprehensive income for the year ended December 31, 2020 are determined as follows:

Remeasurements on defined benefit obligation	99,635
Remeasurements on plan assets	39,024
Remeasurements gain	138,659
Deferred income tax expense	(41,598)
Remeasurements gain, net of tax	97,061

(a) Defined benefit obligation

Changes in the present value of the defined benefit obligation for the year ended December 31, 2020 are as follows:

At January 1	2,051,291
Current service cost included in retirement expense	373,280
Interest cost included in retirement expense	108,513
Remeasurements in other comprehensive income:	
Actuarial gain (loss) on obligation resulting from:	
Changes in financial assumptions	198,016
Deviations of experience from assumptions	(297,651)
Benefits paid from the retirement fund	(301,815)
At December 31	2,131,634

As at December 31, 2020, the average duration of the defined benefit obligation is 21 years.

Below is the maturity analysis of the undiscounted benefit payments as at December 31, 2020:

Less than 10 years	941,534
More than 10 years to 15 years	5,741,160
More than 15 years to 20 years	-
More than 20 years	21,146,134
	27,828,828

(b) Plan assets

The major categories of plan assets as at December 31, 2020 are as follows:

Cash	130,865
Government securities	551,137
Investment in unit investments in trust funds (UITF)	1,717,342
Receivables	7,692
Trust fee payable	(943)
	2,406,093

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

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

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

Changes in the fair value of plan assets for the year ended December 31, 2020 are as follows:

At January 1	2,411,323
Interest income presented as net of retirement expense	127,559
Remeasurement in other comprehensive income:	
Gain on plan assets	39,024
Contributions to the retirement fund	130,002
Benefits paid from the retirement fund	(301,815)
At December 31	2,406,093

There are no plan assets invested in related parties of the Parent Company as at and for the year ended December 31, 2020. The Parent Company's transactions with the retirement fund for the years are limited to contributions. The fair value of the plan assets approximates their carrying amount as at December 31, 2020.

The Parent Company's annual contribution to the fund consists principally of payments which covers the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable. The Parent Company does not expect to contribute to the retirement fund in 2021.

There was no plan amendment, curtailment, or settlement for the year ended December 31, 2020.

(c) Actuarial assumptions

The principal assumptions used in determining the Parent Company's retirement benefit obligation as at December 31, 2020 are shown below:

Discount rate	3.95%
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, 2020:

	Rates	Increase (Decrease)
Discount rate	+1.0%	(154,157)
	-1.0%	316,091
Salary increase rate	+1.0%	296,485
	-1.0%	(150,722)

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.

Note 11 - Segment information

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

Significant information on the reportable segment as at March 31, 2021 and December 31, 2020, and for the period ended March 31, 2021 and 2020 are as follows:

	2021	2020
As at March 31, 2021 and December 31, 2020		
Operating assets	2,484,865,803	2,479,026,074
Operating liabilities	75,630,600	77,252,351
For the first quarter of 2021 and 2020		
Gross revenue (loss), net	18,119,685	(5,615,030)
Other income, net	862,795	3,248,046
General and administrative expenses	(11,157,114)	(16,857,900)
Segment net income (loss)	7,461,480	(20,681,925)

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

There are no revenues derived from a single external customer above 10% of total revenue.

There is no need to present reconciliation since the Group's operating assets, operating liabilities, revenue, other income (expense), cost and expenses and segment net income (loss) pertains to a single operating segment.

Note 12 - Financial risk and capital management

12.1 Financial risk management

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

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

(a) Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to foreign currency arises from consultancy fees due to SMPM and payables to KL(RI) and KLI(M) as at March 31, 2021 and December 31, 2020.

The Group's foreign currency-denominated monetary liabilities in Singaporean dollars (SGD) as at March 31, 2021 and December 31, 2020 are as follows:

	2021	2020
Due to related parties	(412,320)	(415,698)
Exchange rates	35.96	36.20
PHP equivalent	(14,827,027)	(15,048,268)

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

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

	Currency	Change in variable	Effect on income before tax increase (decrease)
March 31, 2021	SGD	+0.66%	97,858
		-0.66%	(97,858)
December 31, 2020	SGD	+3.36%	505,622
		-3.36%	(505,622)

In March 31, 2021 and December 31, 2020, the Group used the average change in the quarterly closing rates in determining the reasonable possible change in foreign exchange rates.

(b) Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation at the time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, receivables, amounts due from related parties and refundable deposits. As at March 31, 2021 and December 31, 2020, 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 interim consolidated statement of financial position. There were no amounts subject to an enforceable master netting arrangement or similar agreement as at March 31, 2021 and December 31, 2020.

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 ninety-eight percent (98%) of total receivables as at March 31, 2021 and December 31, 2020.

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

Below is the Group's financial assets classified under three categories which reflect their credit risk as at March 31, 2021 and December 31, 2020:

		Stage 1- Performing	Stage 2 - Underperforming	Stage 3 - Non-performing	Total
March 31, 2021					
Cash and cash equivalents*	(i)	93,961,749	-	-	93,961,749
Receivables**	(ii)	1,229,486	-	2,666,664	3,896,150
Due from related parties	(ii)	54,954,475	-	-	54,954,475
Refundable deposits***	(iii)	1,740,948	-	-	1,740,948
		151,886,658	-	2,666,664	154,553,322
December 31, 2020					
Cash and cash equivalents*	(i)	101,221,379	-	-	101,221,379
Receivables	(ii)	1,293,030	-	2,666,664	3,959,694
Due from related parties	(ii)	52,389,751	-	-	52,389,751
Refundable deposits	(iii)	1,785,486	-	-	1,785,486
		156,689,646	-	2,666,664	159,356,310

**Cash and cash equivalents exclude cash on hand.*
***Receivables exclude amounts due from employees.*
****Refundable deposits include the current portion of refundable deposits presented under prepayments and other current assets amounting to P271,674 as at March 31, 2021 and December 31, 2020.*

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 has policies that limit the amount of credit exposure with financial institutions. The Group also maintains its deposits with reputable banks and financial institutions. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System. All cash in banks of the Group are with universal banks as at March 31, 2021 and December 31, 2020.

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 March 31, 2021 and December 31, 2020 was determined as follows:

	Stage 1- Performing	Stage 2 - Underperforming	Stage 3 - Non-performing	Total
March 31, 2021				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	1,361,329	-	2,666,664	4,027,993
Loss allowance	-	-	2,666,664	2,666,664
December 31, 2020				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	1,293,030	-	2,666,664	3,959,694
Loss allowance	-	-	2,666,664	2,666,664

The Group's receivable amounting to P2.7 million as at March 31, 2021 and December 31, 2020 is determined to be impaired and was provided with allowance for doubtful accounts in 2017.

(i) Cash in bank

The Group has policies that limit the amount of credit exposure with financial institutions. The Group also maintains its deposits with reputable banks and financial institutions. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System. All cash in banks of the Group are with universal banks as at March 31, 2021 and December 31, 2020.

The remaining cash in the interim 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 March 31, 2021 and December 31, 2020.

Receivables from third parties

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

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

(iii) Refundable deposits

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

(c) Liquidity risk

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

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

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

	On demand	Less than 3 months	More than 3 months to 1 year	More than one year	Total
March 31, 2021					
Accounts payable and other current liabilities*	553,981	7,510,818	-	-	8,064,799
Due to related parties	55,129,696	-	-	-	55,129,696
Lease liability**	-	1,393,496	3,303,940	-	4,697,436
	55,683,677	8,904,314	3,303,940	-	67,891,931
December 31, 2020					
Accounts payable and other current liabilities*	553,981	7,242,274	-	-	7,796,255
Due to related parties	55,252,351	-	-	-	55,252,351
Lease liability**	-	1,348,539	4,225,444	471,991	6,045,974
	55,806,332	8,590,813	4,225,444	471,991	69,094,580

**Accounts payable and other current liabilities exclude taxes payable.*
***Lease liability includes future interest payments.*

12.2 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 liability.

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 March 31, 2021 and December 31, 2020 are as follows:

	2021	2020
Liabilities	75,630,600	77,252,351
Equity	2,409,235,203	2,401,773,723
Percentage of debt to equity	3.14%	3.22%

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

12.3 Fair value estimation

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as at March 31, 2021 and December 31, 2020, except for financial assets at FVOCI.

The financial assets pertaining to investment in preferred equity shares and unquoted club shares are valued at FVOCI. The management has assessed that the cost less any impairment, if any, is the best estimate for fair value as these do not have a quoted market price in an active market and the Group has performed assessment to determine that cost represents the best estimate of fair value.

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 interim consolidated financial statements.

<u>Fair value hierarchy</u>

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

During the reporting period ended March 31, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Note 13 - Summary of significant accounting policies

13.1 Basis of preparation

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

The interim 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.

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

Amendments and improvements to existing standards and interpretations adopted by the Group

A number of new standards, amendments to existing standards and interpretations are effective for annual periods after January 1, 2021. None of these standards are expected to have a significant impact on the interim consolidated financial statements of the Group.

13.2 Consolidation

The interim consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at March 31, 2021 and December 31, 2020 and for each of the period ended March 31, 2021 and 2020. Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

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

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

Assessment of control

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

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

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

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

13.3 Financial instruments

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

<u>Financial assets</u>

(a) Classification

The Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVPL as at March 31, 2021 and December 31, 2020.

(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.

(ii) Fair value through other comprehensive income

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

(b) Recognition and measurement

(i) Initial recognition and measurement

The measurement at initial recognition did not change on adoption of PFRS 9.

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

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

(ii) Subsequent measurement

Amortized cost

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

Equity investments

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

(c) Impairment

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

Equity investments

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

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

(d) Derecognition

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

Financial liabilities

(a) Classification

The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income. The Group did not measure its financial liabilities at fair value through profit or loss as at March 31, 2021 and December 31, 2020.

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

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

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

(b) Recognition and derecognition

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

(c) Measurement

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

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. As at March 31, 2021 and December 31, 2020, there were no offsetting of financial assets and liabilities.

13.4 Investments in associates and a joint venture

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

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

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

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

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

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

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

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

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

13.5 Leases

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

(i) Measurement of lease liabilities

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

(ii) Measurement of right-of-use assets

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

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

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

(iii) 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.

(iv) 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 liability.

(v) 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.

13.6 Events after the reporting period

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

Note 14 - Coronavirus disease (COVID-19) assessment

During the first quarter of 2020, COVID-19 spread throughout the world, creating an unprecedented pandemic. As a response, the Philippine Government declared a nationwide community quarantine to mitigate the spread of COVID-19. The ongoing quarantine measures require alternative work arrangements, travel bans and restrictions, disruptions on supply chains, and uncertainty on the accessibility of liquidity or capital markets. The Group has provided concrete and defined guidelines and protocols adhering to all government regulations on this matter which was cascaded to all employees and stakeholders.

The Group has continued to experience a slowdown in operations and decreased growth, particularly in its share in results of associated companies and joint venture in which rental operations were severely impacted by quarantine measures imposed by the government. Nonetheless, management continues to look for measures to mitigate and reduce any negative impact to its profitability or economic impact on its business. Management will continue to address the issues that directly affect its business operations. Management is optimistic and expects that the COVID-19 pandemic would not have a significant long-term impact on the Parent Company's financials. The Group believes that liquidity risk is low and have therefore no reason to assume that the situation at the level of the Group warrants disclosure of a specific material going concern uncertainty for the Group in preparing the March 31, 2021 and December 31, 2020 consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION
As of March 31, 2021 as compared to as of December 31, 2020

TOTAL ASSETS increased by ₱5.8 million to ₱2,484.8 million as of March 31, 2021 from ₱2,479.0 million as of December 31, 2020. The significant changes in account balances during the period are as follows:

- **CASH AND CASH EQUIVALENTS** decreased by ₱7.3 million due to the net cash used in operating and financing activities mainly from general and administrative expenses, including rental payments, incurred in the first quarter of 2021.

- **DUE FROM RELATED PARTIES** increased by ₱2.6 million due to the operating advances incurred in the first quarter of 2021 on behalf of the Group's associates and joint venture.

- **INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE** increased by ₱12.4 million due to the positive share in results of associated companies in the first quarter of 2021.

- **PROPERTY AND EQUIPMENT, NET** decreased by ₱1.2 million due to the depreciation recognized for the three months ended March 31, 2021.

- **RIGHT-OF-USE ASSET, NET** decreased by ₱1.2 million due to the amortization recognized for the three months ended March 31, 2021.

TOTAL LIABILITES decreased by ₱1.6 million from ₱77.2 million as of December 31, 2020 to ₱75.6 million as of March 31, 2021 mainly due to the reduction in lease liability from office rental payments for the first quarter of 2021.

TOTAL EQUITY increased by ₱7.4 million from ₱2,401.8 million as of December 31, 2020 to ₱2,409.2 million as of March 31, 2021 due to the net income incurred for the period ended March 31, 2021.

RESULTS OF OPERATIONS

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

FIRST QUARTER 2021 COMPARED TO SAME PERIOD IN 2020

GROSS REVENUE (LOSS) registered an income of ₱18.1 million in the first quarter of 2021 as compared to a loss of ₱5.6 million in the same period in 2020. This is mainly attributable to the following:

- Changes in **SHARE IN RESULTS OF ASSOCIATED COMPANIES** from period to period are dependent upon the results of the operations of the associated companies. The first quarter of 2021 showed a share in net income of ₱12.4 million as compared to a share in net loss of ₱12.0 million in the same quarter in 2020. The improvement in the share in net results is mainly due to SMKL's operating cost cutting initiatives and lower interest cost on its loans payable due to lower interest rates.

- Decrease in **INTEREST INCOME** by ₱0.6 million from ₱0.7 million in the first quarter of 2020 to ₱0.1 million in the same period of 2021 due to the lower amount of cash placements and lower interest rates on time deposits in 2021.

GENERAL AND ADMINISTRATIVE EXPENSES decreased by ₱5.7 million from ₱16.9 million in the first quarter of 2020 to ₱11.2 million in the same period of 2021 mainly due to the lower salaries, wages and benefits from lower headcount.

OTHER INCOME, NET decreased by ₱2.4 million from ₱3.3 million in the first quarter of 2020 to ₱0.9 million in the same period in 2021 due to the reversal of long outstanding accruals no longer required in 2020.

As a result, **First Quarter of 2021** resulted to a ₱7.5 million net income as compared to a ₱20.7 million net loss in the same period in 2020.

KEY PERFORMANCE INDICATORS

For The Quarter Ended	**31 March 2021 (Unaudited)**	**31 March 2020 (Unaudited)**	**% Change**
Return On Assets	0.30%	(0.80%)	137.50%
Earnings (Loss) Per Share	₱0.03	(₱0.07)	142.86%
As At	**31 March 2021 (Unaudited)**	**31 December 2020 (Audited)**	**% Change**
Net Tangible Asset Value Per Share	₱6.18	₱6.15	0.49%
Working Capital Ratio	2.34:1	2.36:1	(0.85%)

A. Return On Assets - It indicates how effectively the assets of the Group are utilized in generating profit. Net income after tax for the first quarter of 2021 amounted to ₱7.5 million as compared to a ₱20.7 million net loss in the same period in 2020. The favorable performance is mainly due to the improvement in the share in results of associated companies and lower general and administrative expenses incurred in the first quarter of 2021 as compared to the same period in 2020.

	First Quarter 2021	First Quarter 2020
Net Income (Loss) After Tax (a)	₱7,461,480	(₱20,681,925)
Total Assets At Beginning (b)	₱2,479,026,074	₱2,597,931,411
Return On Assets (a/b)	0.30%	(0.80%)

B. Earnings (Loss) Per Share - It represents the equivalent apportionment of net income (loss) to each share of the common stock outstanding. For the first quarter of 2021 and 2020, earnings (loss) per share amounted to ₱0.03 and (₱0.07), respectively. The favorable performance is due to the net profit results in the first quarter of 2021 as compared to the net loss results in the same period in 2020.

	First Quarter 2021	First Quarter 2020
Net Income (Loss) After Tax (a)	₱7,461,480	(₱20,681,925)
Number of Common Stock (b)	293,828,900	293,828,900
Earnings (Loss) Per Share (a/b)	₱0.03	(₱0.07)

C. Net Tangible Asset Value Per Share - It measures the equivalent entitlement of each share of the common stock outstanding in the tangible assets. The tangible value per share increased by 0.49% compared to the previous year due to the increase in retained earnings resulting from the net income generated as of the first quarter of 2021.

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

	March 31, 2021	December 31, 2020
Net Tangible Assets	₱2,409,235,203	₱2,401,773,723
Less: Preferred Stock	(594,741,000)	(594,741,000)
Net Tangible Assets Attributable To Common Stock	₱1,814,494,203	₱1,807,032,723
Number of Common Stock, net of Treasury shares (2,801,000)	293,828,900	293,828,900
Net Tangible Asset Value Per Share	₱6.18	₱6.15

D. Working Capital Ratio - The Group's ability to meet current obligations is measured by computing the ratio of current assets over current liabilities. The Working Capital Ratio decreased by 0.85% as at the end of first quarter of 2021 as compared to December 31, 2020.

	March 31, 2021	December 31, 2020
Current Assets (a)	₱177,300,928	₱181,463,449
Current Liabilities (b)	₱75,630,600	₱76,783,408
Working Capital Ratio (a/b)	2.34 : 1	2.36 : 1

FINANCIAL SOUNDNESS INDICATORS

Financial ratios	Calculation		March 2021 (Unaudited)	December 2020 (Audited)
Liquidity/current ratio	Total current assets divided by total current liabilities		2.34:1	2.36:1
	Total current assets	177,300,928		
	Divided by: Total current liabilities	75,630,600		
	Liquidity/current ratio	2.34		
Acid test ratio	Quick assets (total current assets less prepayments and other current assets) divided by total current liabilities		1.99:1	2.02:1
	Total current assets	177,300,928		
	Less: Prepayments and other current assets	(26,948,375)		
		150,352,553		
	Divided by: Total current liabilities	75,630,600		
		1.99		
Solvency ratio	[Net income after tax plus non-cash expenses (e.g. depreciation etc.)] divided by total liabilities		0.13:1	N/A
	Net income after tax	7,461,480		
	Add: Depreciation and amortization	2,431,435		
		9,892,915		
	Divided by: Total liabilities	75,630,600		
		0.13		
Interest Coverage Ratio	Net income before interest expense and tax divided by interest expense		75.81:1	N/A
	Net income before interest and tax	7,929,968		
	Divided by: Interest expense	104,602		
		75.81		
Debt-to-equity ratio	Total liabilities divided by total equity		0.03:1	0.03:1
	Total liabilities	75,630,600		
	Divided by: Total equity	2,409,235,203		
		0.03		
Asset-to-equity ratio	Total assets divided by total equity		1.03:1	1.03:1
	Total assets	2,484,865,803		
	Divided by: Total equity	2,409,235,203		
		1.03		

Profitability ratios	Calculation	March 2021 (Unaudited)	March 2020 (Unaudited)
Return on equity	Net income (loss) after tax divided by total equity Net income after tax 7,461,480 Divided by: Total equity 2,409,235,203 0.31%	0.31%	(0.84%)
Return on assets	Net income (loss) after tax divided by total assets at beginning Net income after tax 7,461,480 Divided by: Total assets, beginning 2,479,026,074 0.30%	0.30%	(0.80%)
Net profit margin	Net income after tax divided by gross revenue (loss) Net income after tax 7,461,480 Divided by: Gross revenue 18,119,685 41.18%	41.18%	N/A
Earnings (loss) per share	Net income (loss) divided by number of common stock outstanding Net income after tax 7,461,480 Divided by: Number of common stock outstanding 293,828,900 0.03	P0.03	(P0.07)

TRENDS, EVENTS OR UNCERTAINTIES THAT HAVE HAD OR THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOMES

a) As at 31 March 2021:

   - There are no known material commitments for capital expenditures.
   - There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.
   - There are no significant elements of income or loss that did not arise from the Group's continuing operations.
   - There are no seasonal aspects that had a material impact on the results of operations of the 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 the Group.

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

d) The Group is not a party to certain lawsuits or claims arising from the ordinary course of business.

e) The Philippine real estate industry is cyclical and is sensitive to changes in general economic conditions in the Philippines. The COVID-19 situation is forecasted to impact the following:

   - *Demand* for office spaces are expected to slow down until the first half of 2021, with some closure of businesses in the traditional and outsourcing firms as they shift to remote working on a short-to medium term. Likewise, demand for retail spaces are expected to decline, mostly affecting non-essential retailers as they shift to online selling due to decreased consumer traffic.

   - *Rent rates* for office spaces are expected to decline due to rent negotiations and concessions from existing and prospect tenants. Likewise, rent rates for retail spaces are projected to decline due to decreased consumer spending brought about by the economic slowdown. Rent rates are expected to recover by the second half of 2021 and 2022 for office and retail sectors, respectively.

   - *Vacancy* for office and retail spaces are expected to increase due to slowed leasing activities over Metro Manila as offices have been rationalizing on remote working and as non-essential consumption and foot traffic remains subdued. Vacancies are forecasted to improve by 2022.

PART II. OTHER INFORMATION

There are no additional material information to be disclosed which were not previously reported under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : Keppel Philippines Properties, Inc.

Signature and Title :

Oh Lock Soon
President

Pang Chan Fan
Treasurer

Date : 29 April 2021

KEPPEL PHILIPPINES PROPERTIES, INC. AND SUBSIDIARIES
(Amounts in Philippine Peso)

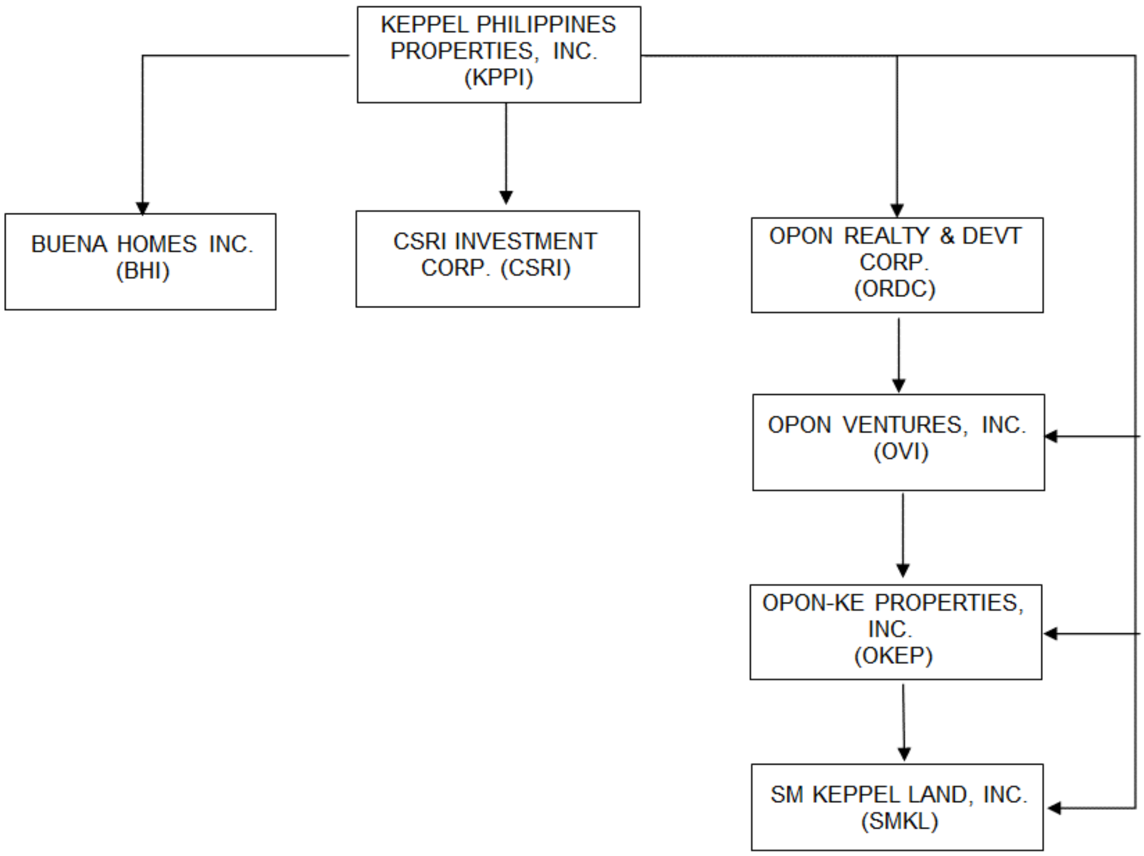
AGING OF RECEIVABLES
As of March 31, 2021

Type of Accounts Receivable	TOTAL	1 Month	2 - 3 Mos.	4 - 6 Mos	7 mos to 1 Year	1 - 2 Years	3 - 5 Years	5 Years - above	Past due accounts & Items in Litigation
	₱	₱	₱	₱	₱				
A. Trade Receivables	-	-	-	-	-	-	-	-	-
Less: Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
Net Trade Receivable	-	-	-	-	-	-	-	-	-
B. Non-Trade Receivables									
1 Non-trade	2,666,664	-	-	-	-	-	-	-	2,666,664
2 Accrued revenue	1,121,042	1,121,042	-	-	-	-	-	-	-
3 Receivables from employees	131,843	131,843	-	-	-	-	-	-	-
4 Accrued interest receivable	6,609	6,609	-	-	-	-	-	-	-
5 Others	101,835	101,835	-	-	-	-	-	-	-
Subtotal	4,027,993	1,361,329	-	-	-	-	-	-	2,666,664
Less: Allowance for Doubtful Accounts	(2,666,664)	-	-	-	-	-	-	-	(2,666,664)
Net Non-Trade Receivables	1,361,329	1,361,329	-	-	-	-	-	-	-
Net Receivables	**1,361,329**								

Receivables Description

Type of Receivable	Nature / Description	Collection Status
B. Non-Trade Receivables		
1 Non-trade	Installment collection on the sale of investment property	Past due account
2 Accrued revenue	Management consultancy and franchise fees revenue	Collectible the following month
3 Receivables from employees	Staff loans	Regularly settled through deduction from payroll
4 Accrued interest receivable	Interest on money market placements	Collectible upon maturity within 30-60 days
5 Others	Refunds from suppliers	For refund within 30-60 days

KEPPEL PHILIPPINES PROPERTIES, INC.
SUBSIDIARIES AND ASSOCIATES
AS AT MARCH 31, 2021



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

Associates	Percentage of Ownership	Nature of Business
Opon Realty and Development Corp. (ORDC)	40%	Investment holding
Opon Ventures, Inc.(OVI)	40%	Investment holding
Opon-KE Properties, Inc. (OKEP)	40%	Investment holding
SM-Keppel Land, Inc. (SMKL)	40%	Property holding and development

Keppel Philippines Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at March 31, 2021
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, *as adjusted to available for dividend distribution (deficit), beginning of the year*		(54,261,743)
Add: **Net income actually earned/realized during the period**		
Net income (loss) during the period closed to retained earnings	7,461,480	
Less: **Non-actual/realized income net of tax:**		
Equity in net income of an associate/joint venture	-	
Unrealized foreign exchange gain (after tax) except those attributable to cash and cash equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	7,461,480	
Add: **Non-actual losses**		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	-	
Net income (loss) actually earned during the year		**(46,800,263)**
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		(2,667,645)
Subtotal		-
Total retained earnings available, end of the year available for dividend (deficit)		**(49,467,908)**