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)

09 *Month* **30** *Day*	**17-Q**	**08** *Month* **13** *Day*
(Fiscal Year)	(Form Type)	(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 30 September 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 **September 30, 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 September 30, 2021
(With comparative figures as at December 31, 2020)
(All amounts in Philippine Peso)

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		86,431,697	101,296,379
Receivables		3,256,065	1,293,030
Due from related parties	6	49,487,314	52,389,751
Prepayments and other current assets		28,101,943	26,484,289
Total current assets		167,277,019	181,463,449
Non-current assets			
Investments in associates and a joint venture	2	2,218,640,087	2,202,189,380
Financial assets at fair value through other comprehensive income	3	79,512,230	79,512,230
Property and equipment, net	4	3,209,834	6,808,521
Right-of-use asset, net	5	2,848,506	6,510,871
Refundable deposits	5	1,432,512	1,513,812
Deferred income tax assets, net		763,635	753,352
Retirement benefits asset		274,459	274,459
Total non-current assets		2,306,681,263	2,297,562,625
Total assets		2,473,958,282	2,479,026,074
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities		16,223,158	16,144,926
Due to related parties	6	60,914,971	55,252,351
Lease liability, current portion	5, 6	1,857,680	5,308,133
Income tax payable		-	77,998
Total current liabilities		78,995,809	76,783,408
Non-current liability			
Lease liability, net of current portion	5, 6	-	468,943
Total liabilities		78,995,809	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	444,086	405,249
Retained earnings		1,438,196,515	1,445,046,602
Total equity		2,394,962,473	2,401,773,723
Total liabilities and equity		2,473,958,282	2,479,026,074

The notes from pages 5 to 23 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 nine months ended September 30
(All amounts in Philippine Peso)

	Notes	Quarters Ended 30 September, 2021 (Unaudited)	Quarters Ended 30 September, 2020 (Unaudited)	Nine Months Period Ended 30 September, 2021 (Unaudited)	Nine Months Period Ended 30 September, 2020 (Unaudited)
Gross revenue (loss)					
Share in results of associated companies	2	3,643,578	(17,714,769)	16,450,707	(96,077,180)
Management consultancy and franchise fees	6	3,759,552	3,313,332	13,731,613	11,033,571
Interest income		73,458	165,017	230,910	1,294,310
Gross revenue (loss), net		7,476,588	(14,236,420)	30,413,230	(83,749,299)
General and administrative expenses	7	(10,894,678)	(12,325,170)	(37,864,104)	(42,169,418)
Other income, net		46,650	583,400	1,525,323	4,324,496
Loss before income tax		(3,371,440)	(25,978,190)	(5,925,551)	(121,594,221)
Income tax expense		(212,707)	(84,884)	(924,536)	(1,610,754)
Net loss for the period		(3,584,147)	(26,063,074)	(6,850,087)	(123,204,975)
Other comprehensive income		38,837	-	38,837	-
Total comprehensive loss for the period		(3,545,310)	(26,063,074)	(6,811,250)	(123,204,975)
Basic and diluted loss per share	8	(0.01)	(0.09)	(0.02)	(0.42)

The notes from pages 5 to 23 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 nine months ended September 30
(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 (Audited)	296,629,900	59,474,100	602,885,517	(2,667,645)	405,249	1,445,046,602	2,401,773,723
Total comprehensive loss for the period	-	-	-	-	38,837	(6,850,087)	(6,811,250)
Balances at September 30, 2021 (Unaudited)	296,629,900	59,474,100	602,885,517	(2,667,645)	444,086	1,438,196,515	2,394,962,473
Balances at January 1, 2020 (Audited)	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	-	-	-	-	-	(123,204,975)	(123,204,975)
Balances at September 30, 2020 (Unaudited)	296,629,900	59,474,100	602,885,517	(2,667,645)	498,168	1,409,373,828	2,366,193,868

The notes on pages 5 to 23 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 nine months ended September 30
(All amounts in Philippine Peso)

	Notes	2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Loss before income tax		(5,925,551)	(121,594,221)
Adjustments for:			
Share in results of associated companies	2	(16,450,707)	96,077,180
Depreciation and amortization expense	4,5,7	7,296,675	7,287,112
Unrealised foreign exchange loss		633,786	21,802
Gain on reversal of liabilities		(310,975)	(2,409,984)
Interest expense on lease liability	5	238,613	463,326
Interest income		(230,910)	(1,294,310)
Operating loss before working capital changes		(14,749,069)	(21,449,095)
Decrease (increase) in:			
Receivables		(1,963,035)	1,055,236
Due from related parties		2,268,651	(2,023,883)
Prepayments and other current assets		(2,591,634)	(2,654,946)
Increase (decrease) in:			
Accounts payable and other current liabilities		389,207	(5,818,222)
Due to related parties		5,662,620	(10,733,662)
Net cash used in operations		(10,983,260)	(41,624,572)
Interest income received		230,910	1,466,369
Income taxes paid		-	(1,248,823)
Net cash used in operating activities		(10,752,350)	(41,407,026)
Cash flows from investing activities			
Acquisition of property and equipment	4	(35,623)	(137,500)
Decrease (increase) in refundable deposits		81,300	(30,000)
Net cash generated from (used in) investing activities		45,677	(167,500)
Cash flows from financing activities			
Payments for the principal portion of lease liability	5	(3,919,396)	(3,496,669)
Payments for the interest portion of lease liability	5	(238,613)	(463,326)
Net cash used in financing activities		(4,158,009)	(3,959,995)
Net decrease in cash and cash equivalents		(14,864,682)	(45,534,521)
Cash and cash equivalents at January 1		101,296,379	158,601,955
Cash and cash equivalents at September 30		86,431,697	113,067,434

The notes on pages 5 to 23 are integral part of these interim consolidated financial statements.

Keppel Philippines Properties, Inc. and Subsidiaries

Notes to Interim Consolidated Financial Statements
As at and for the nine months ended September 30, 2021
(With comparative figures as at December 31, 2020 and for the nine months ended September 30, 2020)
(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 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 September 30, 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 2) and renders management consultancy services to its joint venture (Note 6).

As at September 30, 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 - Investments in associates and a joint venture

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

	September 30, 2021	September 30, 2020	December 31, 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	16,450,707	(96,077,180)	(50,031,900)
At period/year end	1,564,789,113	1,502,293,126	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)
	2,218,640,087	2,156,334,080	2,202,189,380

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

	Percentage of ownership		Carrying amount	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Associates (a)				
OKEP (i)	40%	40%	170,123,436	166,657,663
OVI (ii)	40%	40%	68,171,151	68,236,003
ORDC (iii)	40%	40%	42,269,824	42,347,771
Joint venture (b)				
SMKL (i)	40%	40%	1,938,075,676	1,924,947,943
			2,218,640,087	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 September 30, 2021 and in year 2020. As at September 30, 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) OKEP

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

(ii) OVI

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

(iii) 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 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.

The primary purpose of OKEP, OVI and ORDC 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 3 - Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) as at September 30, 2021 and December 31, 2020 are presented below.

	Amount
Preferred equity securities (a)	79,287,230
Club shares (b)	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 Board of Directors (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 September 30, 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 nine months ended September 30, 2021 and 2020.

Note 4 - Property and equipment, net

Details of property and equipment 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		4,206,824	1,470,618	11,542,143	17,219,585
Additions		35,623	-	-	35,623
At September 30, 2021		4,242,447	1,470,618	11,542,143	17,255,208
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	427,600	321,174	2,885,536	3,634,310
At September 30, 2021		3,526,725	1,220,811	9,297,838	14,045,374
Net carrying amount					
At December 31, 2020		1,107,699	570,981	5,129,841	6,808,521
At September 30, 2021		715,722	249,807	2,244,305	3,209,834

The cost of fully depreciated property and equipment still used in operations amounted to P1.8 million as at September 30, 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 P54,075 and nil for the period ended September 30, 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. 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 P2.2 million and P2.7 million for the period ended September 30, 2021 and 2020, respectively.

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 follows:

	September 30, 2021	December 31, 2020
Refundable deposits	1,432,512	1,513,812
Prepayments and other current assets	557,105	669,474
	1,989,617	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 are as follow:

	Note	Amount
Cost		
At September 30, 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	3,662,365
At September 30, 2021		11,800,953
Net carrying amount		
At December 31, 2020		6,510,871
At September 30, 2021		2,848,506

There were no additions to the right-of-use asset for the period ended September 30, 2021 and December 31, 2020.

The following are the amounts recognized in the interim consolidated statements of comprehensive income.

		September 30, 2021	September 30, 2020
Amortization of right-of-use assets (included in general and administrative expenses)	7	3,662,365	3,726,203
Expense relating to short-term leases (included in general and administrative expenses)	7	297,146	269,746
Interest expense on lease liability (included in other income, net)		238,613	463,326
		4,198,124	4,459,275

Movements in the lease liability are as follows:

	September 30, 2021	December 31, 2020
Lease liability		
At January 1	5,777,076	10,493,736
Payments	(3,919,396)	(4,716,660)
At period/year end	1,857,680	5,777,076

Lease liability		
Current	1,857,680	5,308,133
Non-current	-	468,943
	1,857,680	5,777,076

Discount rate

The lease payments for office space are discounted using the Parent Company's incremental borrowing rate, being the rate that the Parent Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions is at 7.8% for the period ended September 30, 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 nine months ended September 30 and outstanding balances as at September 30, 2021 and December 31, 2020 are as follows:

	2021		2020		
Related party	Transaction amount (9 months)	Outstanding receivable (payable)	Transaction amount (9 months)	Outstanding receivable (payable)	Terms and conditions
Due from related parties:					
Operating advances (a)					
Immediate Parent Company					
KLL	-	-	(99,600)	-	Non-interest-bearing, unsecured, 30-60 days, collectible in cash
Associates					
OKEP	170,150	45,119,667	168,912	44,949,517	Non-interest-bearing, unsecured, collectible in cash upon demand
OVI	179,799	2,802,251	267,347	2,622,452	
ORDC	208,141	354,067	(764,483)	145,926	
Joint venture					
SMKL	2,053,271	1,211,329	3,194,660	4,671,856	Non-interest-bearing, unsecured, 30 to 60 days, collectible in cash
		49,487,314		52,389,751	
Receivables					
Joint venture					
SMKL					
Management fee (b)	9,808,295	479,673	7,881,122	800,744	Non-interest-bearing, unsecured, 30 to 60 days, collectible in cash
Franchise fee (b)	3,923,318	1,956,506	3,152,449	320,298	
		2,436,179		1,121,042	

Related party	2021 Transaction amount (9 months)	2021 Outstanding receivable (payable)	2020 Transaction amount (9 months)	2020 Outstanding receivable (payable)	Terms and conditions
Due to related parties:					
Advances (c)					
Associates					
OKEP	-	(40,298,507)		(40,298,507)	Non-interest-bearing, unsecured, payable in cash upon demand
Operating advances (d)					
Entities under common control					
KL(RI)	-	(82,571)	-	(79,908)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
KL(IM)	-	-	-	(122,655)	
Management fee (e)					
Entities under common control					
SMPM	5,167,529	(20,533,893)	215,129	(14,751,281)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
		(60,914,971)		(55,252,351)	
Lease liability (f)					
Joint Venture					
SMKL	4,158,009	(1,857,680)	3,959,995	(5,777,076)	Non-interest-bearing, unsecured, 30 to 60 days, payable in cash
		(1,857,680)		(5,777,076)	

(a) These operating advances represents expenses incurred in the normal operations that were paid by the Parent Company 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 Parent Company to SMKL amounted to P9.8 million and P7.9 million for the period ended September 30, 2021 and 2020, respectively. The amount of franchise fee charged amounted to P3.9 million and P3.2 million for the period ended September 30, 2021 and 2020, respectively. Management fee and franchise fee are charged at 2.5% and 1%, respectively, of SMKL's annual net revenues. Outstanding due from SMKL for management and franchise fees amounted to P2.4 million and P1.1 million as at September 30, 2021 and December 31, 2020, respectively.

(c) On December 22, 2011, the BOD of Buena Homes (Sandoval), Inc. (BHSI) approved BHSI's plan to decrease its authorized share capital. In relation to this, 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. As of September 30, 2021 and December 31, 2020, P40.3 million of advances remains outstanding to OKEP.

(d) Keppel Land (Regional Investments) Pte. Ltd. (KL(RI)) and Keppel Land International (Management) Pte. Ltd. (KL(IM)), entities under common control, provide support services to the Group. 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 P5.2 million and P0.2 million for the period ended September 30, 2021 and 2020. Outstanding payables to SMPM related to the consultancy fees amounted to P20.5 million and P14.8 million as at September 30, 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 P4.2 million and P4.0 million for the period ended September 30, 2021 and 2020, respectively.

Transactions related to key management personnel of the Group for the nine months ended September 30 are as follows:

	2021	2020
Salaries and other short-term employee benefits	12,653,806	21,023,182
Bonuses and allowances	3,176,040	4,372,651
	15,829,846	25,395,833

There were neither stock options nor other long-term benefits given to key management personnel for the period ended September 30, 2021 and 2020. There were no outstanding balances with key management personnel as at September 30, 2021 and December 31, 2020.

Details of related party transactions for the nine months ended September 30 and outstanding balances as at September 30, 2021 and December 31, 2020 that were eliminated during consolidation are as follows:

	2021		2020		
Subsidiary	Transaction amount (9 months)	Outstanding balance	Transaction amount (9 months)	Outstanding balance	Terms and conditions
Due from subsidiaries					
BHI	204,305	433,702	146,940	229,397	Non-interest-bearing, unsecured,
CSRI	150,858	326,880	(257,212)	176,022	collectible in cash upon demand
		760,582		405,419	
Due to a subsidiary					
BHI	-	(59,701,493)	-	(59,701,493)	Non-interest-bearing, unsecured, payable in cash upon demand

<u>Note 7 - General and administrative expenses</u>

General and administrative expenses for the nine months ended September 30 are as follows:

	Notes	2021	2020
Salaries, wages and employee benefits		19,481,313	28,967,878
Depreciation and amortization	4, 5	7,296,675	7,287,112
Management consultancy fees	6	5,167,529	215,129
Professional fees		2,220,433	1,633,533
Membership and dues		769,729	776,729
Utilities		571,628	565,955
Insurance		494,424	575,734
Taxes and licenses		308,040	91,812
Rental	5	297,146	269,746
Repairs and maintenance		282,537	250,671
Postage, printing and advertising		143,996	210,257
Outside services		138,576	167,701
Transportation and travel		105,388	238,814
Office supplies		71,220	57,118
Bank and other charges		30,101	59,520
Others		485,369	801,709
		37,864,104	42,169,418

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

Note 8 - Loss per share

Loss per share for the nine months ended September 30 are as follows:

	2021	2020
Net loss	(6,850,087)	(123,204,975)
Divided by: Weighted average number of common shares issued and outstanding	293,828,900	293,828,900
Basic and diluted loss per share	(0.02)	(0.42)

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

The weighted average number of shares outstanding as at September 30, 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 P0.6 million and P0.4 million as at September 30, 2021 and 2020, respectively, and share in actuarial gain (loss) of a joint venture amounting to a loss of P0.1 million and a gain of P0.1 million as at September 30, 2021 and 2020, respectively.

Note 10 - 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 September 30, 2021 and December 31, 2020, and for the period ended September 30, 2021 and 2020 are as follows:

	2021	2020
As at September 30, 2021 and December 31, 2020		
Operating assets	2,473,958,282	2,479,026,074
Operating liabilities	78,995,809	77,252,351
For the nine months ended September 30		
Gross revenue (loss), net	30,413,230	(83,749,299)
Other income, net	1,525,323	4,324,496
General and administrative expenses	(37,864,104)	(42,169,418)
Segment net loss	(6,850,087)	(123,204,975)

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

Note 11 - Financial risk and capital management

11.1 Financial risk management

The Group's principal financial assets and financial liabilities comprise cash and cash equivalents, financial assets at FVOCI, 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 liability, 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 September 30, 2021 and December 31, 2020.

The Group's foreign currency-denominated monetary liabilities in Singaporean dollars (SGD) are as follows:

	September 30, 2021	December 31, 2020
Due to related parties	(554,653)	(415,698)
Exchange rates	37.17	36.20
PHP equivalent	(20,616,452)	(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)
September 30, 2021	SGD	+2.68%	552,521
		-2.68%	(552,521)
December 31, 2020	SGD	+3.36%	505,622
		-3.36%	(505,622)

In September 30, 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, due from related parties and refundable deposits. As at September 30, 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 September 30, 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-four percent (94%) and ninety-eight percent (98%) of total receivables as at September 30, 2021 and December 31, 2020, respectively.

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

Below are the Group's financial assets classified under three categories which reflect their credit risk as at September 30, 2021 and December 31, 2020:

		Stage 1 - Performing	Stage 2 - Underperforming	Stage 3 – Non-performing	Total
September 30, 2021					
Cash and cash equivalents*	(i)	86,356,697	-	-	86,356,697
Receivables	(ii)	3,256,065	-	2,666,664	5,922,729
Due from related parties	(ii)	49,487,314	-	-	49,487,314
Refundable deposits**	(iii)	1,745,391	-	-	1,745,391
		140,845,467	-	2,666,664	143,512,131
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.*
***Refundable deposits include the current portion of refundable deposits presented under prepayments and other current assets amounting to P312,879 and P271,674 as at September 30, 2021 and December 31, 2020, respectively.*

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 September 30, 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 September 30, 2021 and December 31, 2020 was determined as follows:

	Stage 1 - Performing	Stage 2 - Underperforming	Stage 3 - Non-performing	Total
September 30, 2021				
Expected loss rate	0.00%	0.00%	100.00%	
Receivables	3,256,065	-	2,666,664	5,922,729
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 September 30, 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 and only maintains its deposits with a reputable financial institution with good, if not the highest credit ratings. All cash in banks of the Group are with a universal bank as at September 30, 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 September 30, 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 1 year	Total
September 30, 2021					
Accounts payable and other current liabilities*	553,981	7,760,537	-	-	8,314,518
Due to related parties	60,914,971	-	-	-	60,914,971
Lease liability**	-	1,443,211	444,754	-	1,887,965
	61,468,952	9,203,748	444,754	-	71,117,454

	On demand	Less than 3 months	More than 3 months to 1 year	More than 1 year	Total
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.*

11.2 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 are as follows:

	September 30, 2021	December 31, 2020
Liabilities	78,995,809	77,252,351
Equity	2,394,962,473	2,401,773,723
Percentage of debt to equity	3.30%	3.22%

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 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.

11.3 Fair value estimation

Due to the short-term nature of the Group's financial instruments, their fair values approximate their carrying amounts as at September 30, 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.

Fair value hierarchy

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

During the reporting period ended September 30, 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 12 - Summary of significant accounting policies

12.1 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.

Changes in accounting policy and disclosures

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.

12.2 Consolidation

The interim consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at September 30, 2021 and December 31, 2020 and for each of the period ended September 30, 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.

12.3 Financial instruments

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

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Group did not hold financial assets under the category financial assets at FVPL as at September 30, 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.

<u>Financial liabilities</u>

(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 September 30, 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.

<u>Offsetting of financial instruments</u>

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 September 30, 2021 and December 31, 2020, there were no offsetting of financial assets and liabilities.

12.4 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.

12.5 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.

12.6 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 13 - 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 experienced slowdown in operations, however, the vaccine rollout in the country has improved the results of the Group's financial operations for the period ended September 30, 2021 as compared to 2020. 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 September 30, 2021 and December 31, 2020 consolidated financial statements.

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

<u>FINANCIAL CONDITION</u>
As of September 30, 2021 as compared to as of December 31, 2020

TOTAL ASSETS decreased by ₱5.0 million to ₱2,474.0 million as of September 30, 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 ₱14.9 million due to the net cash used in operating and financing activities mainly on general and administrative expenses, and lease payments for the period ended September 30, 2021.

- **RECEIVABLES** increased by ₱2.0 million mainly due to uncollected management and franchise fee from the Group's joint venture, SMKL.

- **DUE FROM RELATED PARTIES** decreased by ₱2.9 million due to collections of advances issued from previous years.

- **PREPAYMENTS AND OTHER CURRENT ASSETS** increased by ₱1.6 million mainly from increasing prepaid income taxes.

- **INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE** increased by ₱16.5 million due to the positive share in results of associated companies for the period ended September 30, 2021.

- **PROPERTY AND EQUIPMENT, NET** decreased by ₱3.6 million due to the depreciation recognized for the nine months ended September 30, 2021, partially offset by the purchase of an office equipment.

- **RIGHT-OF-USE ASSET, NET** decreased by ₱3.7 million due to the amortization recognized for the nine months ended September 30, 2021.

- **REFUNDABLE DEPOSITS** decreased by ₱81,300 from due to the decline in the required deposit on rental in year 2021.

TOTAL LIABILITIES increased by ₱1.7 million from ₱77.3 million as of December 31, 2020 to ₱79.0 million as of September 30, 2021 mainly due to the accrued management consultancy fees payable to SMPM, partially offset by payments of lease liability for the period ended September 30, 2021.

TOTAL EQUITY decreased by ₱6.8 million from ₱2,401.8 million as of December 31, 2020 to ₱2,395.0 million as of September 30, 2021 due to the net loss incurred for the period ended September 30, 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.

Nine months ended September 30, 2021 as compared to the same period in 2020

GROSS REVENUE (LOSS) registered an income of ₱30.4 million in 2021 as compared to a loss of ₱83.7 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. For the period ended September 30, 2021, the Group reported a share in results of associated companies' net income amounting to ₱16.5 million as compared to a share in net loss of amounting to ₱96.1 million in 2020. The improvement in the share in net results is mainly due to the improved occupancy in The Podium West Tower from 29% in 2020 to 37% in 2021. Adding to the increase is the recovering operations of The Podium Mall due to the easing up of government restrictions given the improving COVID-19 situation of the country. Furthermore, expenses declined as a result of SMKL's cost cutting initiatives and lower interest cost on its loans payable from lower interest rates.

- Increase in **MANAGEMENT CONSULTANCY AND FRANCHISE FEES** by ₱2.7 million from ₱11.0 million in 2020 to ₱13.7 million in 2021 due to increase in SMKL's net rental revenue derived from The Podium complex operations.

- Decrease in **INTEREST INCOME** by ₱1.1 million from ₱1.3 million in 2020 to ₱0.2 million in 2021 due to the lower amount of cash placements and lower interest rates on time deposits in 2021.

GENERAL AND ADMINISTRATIVE EXPENSES decreased by ₱4.3 million from ₱42.2 million in 2020 to ₱37.9 million in 2021 mainly due to the lower salaries, wages and benefits from lower headcount.

OTHER INCOME, NET decreased by ₱2.8 million from ₱4.3 million in 2020 to ₱1.5 million in 2021 due to the reversal of long outstanding accruals in 2020.

As a result, net loss for the period ended September 30, 2021 amounted to ₱6.9 million as compared to a net loss of ₱123.2 million in 2020.

KEY PERFORMANCE INDICATORS

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2020 (Audited)
Return on assets [1]	(0.28%)	(4.88%)	(3.45%)
Loss per share [2]	(₱0.02)	(₱0.42)	(₱0.30)
Net tangible asset value per share [3]	₱6.13	₱6.03	₱6.15
Working Capital Ratio [4]	2.12:1	2.34:1	2.36:1

[1] Net loss divided by Average total assets

[2] Net loss divided by No. of common stock outstanding

[3] Total assets less liabilities, preferred shares and related share premium divided by No. of common stock outstanding

[4] Total current assets divided by current liabilities

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

a) As at September 30, 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 the country's general economic conditions given the prevailing COVID-19 pandemic. Contributing to the uncertainty is the recent implementation of Enhanced Community Quarantine in various places in the Philippines, including Metro Manila, effective on August 6 to 20, 2021.

   The COVID-19 situation is forecasted to impact the following:

   - *Demand* for office spaces are expected to slow down, 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.

   - *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.

PART II. OTHER INFORMATION

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

Keppel Philippines Properties, Inc.

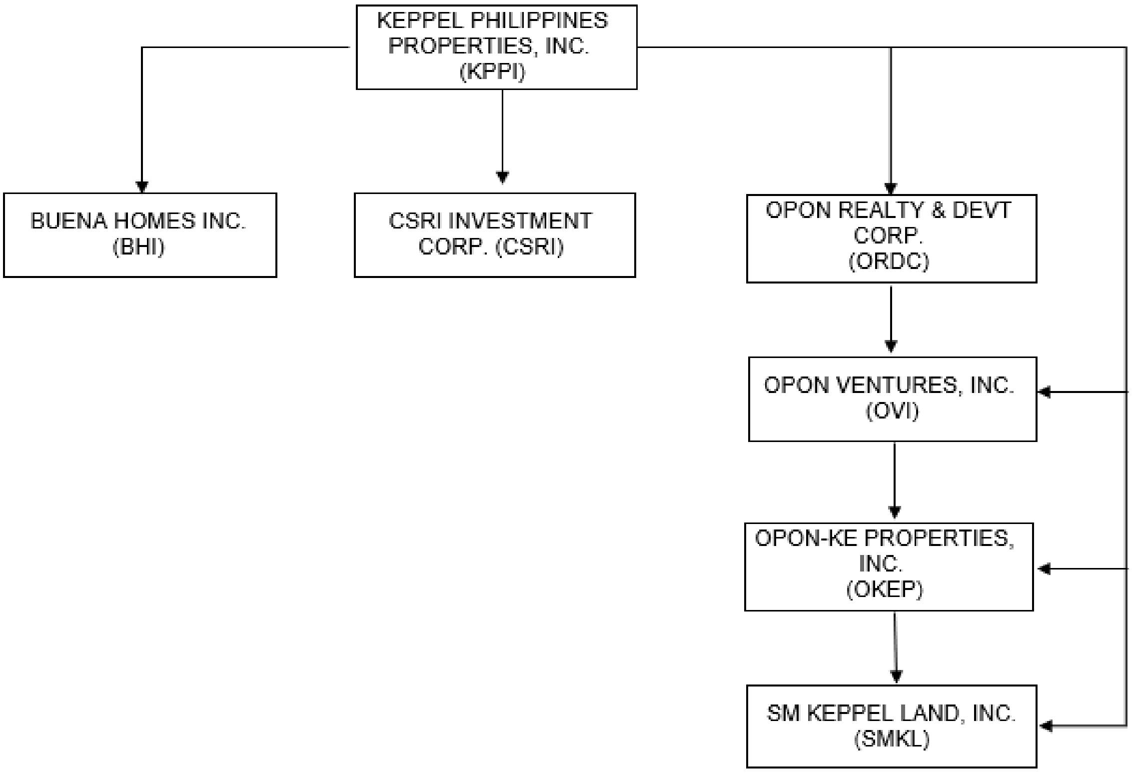
Aging of Receivables
As at September 30, 2021
(All amounts in Philippine Peso)

	Neither past due nor impaired	Past due but not impaired				Impaired	Total
		< 30 days	31-90 days	91-120 days	> 120 days		
Type of Account Receivable							
Non-Trade Receivables							
Non-trade	-	-	-	-	-	2,666,664	2,666,664
Accrued income	2,523,330	633,741	-	-	-	--	3,157,071
Receivables from employees	35,782	-	-	-	-	-	35,782
Accrued interest receivables	5,314	-	-	-	-	-	5,314
Others	57,898	-	-	-	-	-	57,898
Sub-total	2,622,324	633,741	-	-	-	2,666,664	5,922,729
Less: Allowance for doubtful accounts	-	-	-	-	-	(2,666,664)	(2,666,664)
Net Receivables	**2,622,324**	**633,741**	**-**	**-**	**-**	**-**	**3,256,065**

Account Receivable Description

Type of Receivables	Nature/Description	Collection Period
Non-trade	Installment collection on the sale of investment property	Past due account
Accrued income	Management consultancy and franchise fees revenue	Within 30 days
Receivables from employees	Staff loans	Regularly settled through deduction from payroll
Accrued interest receivable	Interest on money market placements	Collectible upon maturity within 30-60 days
Others		

KEPPEL PHILIPPINES PROPERTIES, INC.
SUBSIDIARIES AND ASSOCIATES
AS AT SEPTEMBER 30, 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.

Financial Ratios
(All amounts in Philippine Peso)

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2020 (Audited)
Liquidity/current ratio [1]	2.12:1	2.34:1	2.36:1
Acid test ratio [2]	1.76:1	1.98:1	2.02:1
Solvency ratio [3]	0.01:1	N/A	N/A
Debt-to-equity ratio [4]	0.03:1	0.04:1	0.03:1
Asset-to-equity ratio [5]	1.03:1	1.04:1	1.03:1
Interest Rate Coverage Ratio [6]	N/A	N/A	N/A
Return on equity [7]	(0.29%)	(5.21%)	(3.64%)
Return on assets [8]	(0.28%)	(4.88%)	(3.45%)
Net profit margin [9]	N/A	N/A	N/A
Loss per share [10]	(₱0.02)	(₱0.42)	(₱0.30)

[1] *Total current assets divided by total current liabilities*
[2] *Quick assets (total current assets less prepayments and other current assets) divided by total current liabilities*
[3] *Net income before depreciation and amortization divided by total liabilities*
[4] *Total liabilities divided by total equity*
[5] *Total assets divided by total equity*
[6] *Net loss before interest expense and tax divided by interest expense*
[7] *Net loss after tax divided by total equity*
[8] *Net loss after tax divided by average total assets*
[9] *Net income after tax divided by gross revenue*
[10] *Net loss after tax divided by no. of common stock outstanding*

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule A
Financial Assets
As at September 30, 2021
(All amounts in Philippine Peso)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Income received and accrued
Financial assets at fair value through other comprehensive income			
Opon Ventures, Inc.	4,800,000	48,000,000	-
Opon-KE Properties, Inc.	3,128,722	31,287,230	-
Club Filipino Inc. de Cebu	12	225,000	-
Total financial assets at fair value through other comprehensive income		79,512,230	-
Cash and cash equivalents		86,431,697	230,910
Trade and other receivables		3,256,065	-
Due from related parties		49,487,314	-
Refundable deposits*		1,745,391	-
Total financial assets		220,432,697	230,910

**Refundable deposits include the current portion of refundable deposits presented under prepayments and other current assets amounting to P312,879 as at September 30, 2021.*

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
As at September 30, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected, liquidated or reclassified	Amounts written off	Current	Non-current	Balance at end of year
Opon-KE Properties, Inc.	44,949,517	170,150	-	-	45,119,667	-	45,119,667
Opon Ventures, Inc.	2,622,452	179,799	-	-	2,802,251	-	2,802,251
Opon Realty and Development Corporation	145,926	208,141	-	-	354,067	-	354,067
SM Keppel Land, Inc. (as presented under "Due from related parties")	4,671,856	2,053,271	(5,513,798)	-	1,211,329	-	1,211,329
SM Keppel Land, Inc. (as presented under "Receivables")	1,121,042	13,731,613	(12,416,476)		2,436,179		2,436,179
Employees	75,344	104,529	(144,091)	-	35,782	-	35,782
Total	53,586,137	16,447,503	(18,074,365)	-	51,959,275	-	51,959,275

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule C
Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of Financial Statements
As at September 30, 2021
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts provided for/ written off	Current	Non-current	Balance at end of year
Buena Homes, Inc.	229,397	204,305	-	-	433,702	-	433,702
CSRI Investment Corporation	176,022	150,858	-	-	326,880	-	326,880
Total	405,419	355,163	-	-	760,582	-	760,582

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule D
Long Term Debt
As at September 30, 2021
(All amounts in Philippine Peso)

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

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule E
Indebtedness to Related Parties
As at September 30, 2021
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Opon-KE Properties, Inc.	40,298,507	40,298,507
Straits Mansfield Property Marketing Pte Ltd	14,751,281	20,533,893
Keppel Land (Regional Investments), Pte. Ltd.	79,908	82,571
Keppel Land International (Management), Pte. Ltd.	122,655	-

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule F
Guarantees of Securities of Other Issuers
As at September 30, 2021
(All amounts in Philippine Peso)

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

Keppel Philippines Properties, Inc. and Subsidiaries

Schedule G
Capital Stock
As at September 30, 2021

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	-	-	-	-
Treasury stock		(2,801,000)	-	-	-	-
Outstanding common stock		293,828,900	-	235,181,970	11,007	58,635,923
Preferred stock	135,700,000	59,474,100	-	59,474,100	-	-
Total		353,303,000	-	294,656,070	11,007	58,635,923

Keppel Philippines Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at September 30, 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 loss actually earned/realized during the period**		
Net loss during the period closed to retained earnings	(6,850,087)	
Less: **Non-actual/realized income net of tax**	-	
Add: **Non-actual losses**	(633,786)	
Net loss actually incurred during the period	-	(7,483,873)
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the period		-
Treasury shares		(2,667,645)
Total retained earnings available, end of the period available for dividend (deficit)		**(64,413,261)**

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 : 8 November 2021