

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 December 2020**
2. SEC Identification Number **CS200516361** 3. BIR Tax Identification No. **242-186-710-000**
4. Exact name of issuer as specified in its charter **KEPWEALTH PROPERTY PHILS., INC.**
5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. **Unit IJ01-23 Burgundy Corporate Tower**
252 Sen. Gil Puyat Ave., Makat i City, Metro Manila **1200**
Address of principal office Postal Code
8. **(+632) 978 5080; (+63) 917 888 2789**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|----------------------|---|
| <u>Common</u> | <u>201,057,609</u> |
11. Are any or all of these securities listed on a Stock Exchange.
Yes [] No [] **Philippine Stock Exchange, Common Shares**
12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the 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 that the registrant was required to file such reports);
Yes [] No []
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [] No []
13. The aggregate market value of the voting stock held by non-affiliates is Php351,921,186.75, based on the closing price of Php5.25 per share on May 10, 2021, at the Philippine Stock Exchange.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

KEPWEALTH PROPERTY PHILS., INC. (“KPPI” or the “Company”) is engaged in the business of investing in, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing, and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments, or personal property of every kind and description.

The Company was incorporated in the Philippines on 23 September 2005 and was listed on the Philippine Stock Exchange on August 19, 2019 under the trade symbol “KPPI.”

The Company owns 77 units with 98 leasable spaces of Kepwealth Center in the Cebu Business Park. The PEZA-accredited 15-storey building is currently tenanted by reputable firms both domestic and multinational, in various industries such as in finance and insurance, audit, legal counseling, education, health services, real estate, tourism, and sovereign agencies, among others.

The Company also acts as an asset manager for certain commercial and residential properties located in key areas within Metro Manila.

Business Development

On 27 October 2017, Kephinance Investment Pte. Ltd. and Kepwealth, Inc. (the “Sellers”) entered into a Share-Purchase Agreement with Euro Capital Land, Inc. (“Euro Capital Land”) for a total of thirty four million two thousand five hundred shares (34,002,500) comprising eight million five hundred two thousand five hundred (8,502,500) common shares, which includes Nominee Shares, and twenty five million five hundred thousand (25,500,000) preferred shares with a par value of Ten Pesos (₱10.00) per share in the Company. The shares of the Sellers represent 100% of the issued and outstanding stock of the Company as of the date thereof. Pursuant to the terms of the Share Purchase Agreement, the Sellers assigned and transferred all of their rights, titles, and interests in the Company to the following companies designated by Euro Capital Land: Crown Castle Holdings.Com, Inc.; We Serve 24 Hours, Inc.; Euro Capital Pte. Ltd.; and Las Tuazon and Sons Realty, Inc. The latter agreed to the total aggregate purchase price of Seven Hundred Ninety-Three Million Six Hundred Forty-Two Thousand One Hundred Fifty Pesos (₱793,642,150.00) for the transfer of shares from the Sellers to the four companies. The purchase price for the total issued and outstanding shares of stock of KPPI was based on a commercial agreement between the parties taking into account various factors including but not limited to the value of the property and the revenues of the Company.

Accordingly, Crown Castle Holdings.Com, Inc. (“Crown Castle”); We Serve 24 Hours, Inc. (“We Serve”); Euro Capital Pte. Ltd. (“Euro Capital”); and Las Tuazon and Sons Realty, Inc. (“Las Tuazon”) (Crown Castle, We Serve, Euro Capital, and Las Tuazon shall be collectively referred to as the “Principal Shareholders”) acquired KPPI from the Sellers. Immediately after the acquisition, KPPI acquired five (5) additional condominium units in Kepwealth Center.

KPPI is the owner of 77 office condominium units with 98 leasable spaces in Kepwealth Center, a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. On 1 January 2019, the name of the building was changed to Kepwealth Center. Kepwealth Center is one of the first buildings to be erected within the vicinity. It was one of the

properties that were assumed by Keppel Bank when it took over the ownership and management of the then Monte de Piedad Bank.

In March 2019, the Company launched its asset management business and entered into agreements for the management of commercial, office, and residential units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units), Atrium Mall (43 units), Icon Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). In April 2019, the Company also entered into an agreement for the management of 96 units of Luxe Madrigal.

Corporate Reorganization

Initially, the Company's authorized capital stock of ₱620,000,000.00 was divided into 8,800,000 Common Shares and 53,200,000 Preferred Shares, both with a par value of ₱10.00 each. On 9 January 2019, for purposes of expansion, the Board of Directors and the stockholders approved the reclassification of the shares of the Company. Currently, the Company's authorized capital stock is divided into 365,000,000 Common Shares and 255,000,000 Preferred Shares with a par value of ₱1.00 each. The Company effectively decreased the par value of its Common and Preferred Shares, both from ₱10.00 per share to ₱1.00 per Common Share and to ₱1.00 per Preferred Share.

In February 2019, the Company filed an application with the SEC for such reclassification of shares as described above.

On 7 March 2019, the Philippine SEC approved the Company's application for the amendment of its Articles of Incorporation which included the: (i) amendment of its Primary and Secondary purposes;

(ii) increase in the number of directors from five (5) to seven (7); (iii) decrease in the par value of its common shares from ₱10.00 per share to ₱1.00 per share; and (iv) decrease in the par value of its preferred shares from ₱10.00 per share to ₱1.00 per share. As a result of the amendments, the Company's total issued and outstanding share capital consisted of 134,025,002 common shares and 255,000,000 preferred shares, each with a par value of ₱1.00. In compliance with the PSE Listing Rules, among the amendments made to the Articles of Incorporation was to restrict a change in the Company's primary and/or secondary purpose for a period of seven (7) years following its listing in the PSE. Consistent with the foregoing and the Company's secondary purpose, the Company has no plans to engage in the business of a real estate developer.

The Company has generated total revenues of ₱81.85 million, ₱75.48 million, and ₱70.85 million for the years ended 31 December 2018, 2017 and 2016 and net income of ₱34.30 million, ₱34.69 million, and ₱32.18 million, for the same periods. As of the period ended 31 December 2019, the Company has generated a total revenue of ₱100.8 million and net income of ₱36.9 million.

The ultimate beneficial owners of the Company, Messrs. Ignacio B. Gimenez, Roberto B. Olanday, and Edmundo G. Las, have formed the GOLD Group²⁴ which has business interests in various industries, particularly hotel, property development, property leasing, and business services.

Recent Developments

The Effect of COVID-19 Pandemic to the Business

Kepwealth Property Phils., Inc announces the termination of the Asset Management Agreements with the various related parties for the management of certain commercial units located across Metro Manila

effective December 31, 2020. The following companies under the Asset Management are Gallipoli Real Estate, Inc., Ortigia Property Holdings, Inc., Melbury Property Holdings, Inc., and Gallipoli Two Real Estate, Inc. Because of the COVID-19 pandemic, termination of the Asset Management Agreements on the previous months and on December 31, 2020 will result to a decrease on the projected revenue of Kepwealth Property Phils., Inc. by twelve (12%) percent for the year 2021.

Description of Business / Principal Products or Services

The following are some of the significant developments involving the Company since 31 December 2018:

Asset Management Business

In March 2019, the Company entered into agreements for the management of 459 units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units), Atrium Mall (43 units), Icon Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). In April 2019, the Company also entered into an agreement for the management of 96 units of Luxe Madrigal.

The asset management agreements entered into by KPPI has a standard term of five (5) years, mostly commencing in March 2019 until February 2024. The agreement is subject to automatic renewal unless notice is given of the intention not to renew the agreement at least 90 days prior to the expiration of the term. Under the asset management agreements, KPPI's main role is to maximize property value and investment returns, which centers on market research, data analysis and revenue forecasting. It also includes marketing services and improving tenant relations. In consideration of its services, the Company will receive a monthly service fee for the management of the units.

The asset management business of KPPI is built on a clear vision and purpose of enhancing the commercial value of commercial and residential properties under its portfolio through innovative and deliberate property management strategies.

In the few months of its operation, the expertise of KPPI's Asset Management Team has posted notable gains for its clients as evidenced by increased tenant satisfaction. KPPI's asset management portfolio provides an avenue to further hone and refine the Company's commercial property management initiatives effectively reducing risks while improving tenant retention.

Group Business Services

On 1 March 2019, the Company entered into a business process outsourcing agreement with Global Officium Limited, Inc. ("Global O"). Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Likewise, functional support services for recruitment, payroll, information and communication technology (ICT) services, and internal audit shall also be provided by Global O.

Global O is a group business services provider of companies under the GOLD Group. Global O is driven by key business principles.

It shall serve as the vanguard of internal control for KPPI. As such, Global O seeks to ensure compliance to statutory requirements, consolidation of information, reengineering and standardization of processes while leveraging on technology. The group business services arm will allow KPPI to take advantage of economies of scale and process standards while at the same time being customer focused and business intelligent.

Percentage of sales or revenues and net income contributed by foreign sales (broken down into major markets such as Western Europe, Southeast Asia, etc.) for each of the last three years

The Company does not have sales or revenues and net income contributed by foreign sales for the last three years.

Distribution methods of the products or services

The Company engages agents to market its properties. The Company uses third party agents to market and sell its various property offerings to potential customers. Further, the Company has, in its complement, very competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers. At least about 9% of the Company's property offerings are promoted by its in-house agents and about 91% are coursed through third partyagents.

New Product or Service

The Company continues to look and explore acquisition opportunities which have a high upside potential for both development and/or lease.

Although the Company planned to pursue the management of the Apo Hotel in Davao City in the year 2020, this has been put on hold until such time as the full impact of the pandemic is fully assessed and the future directions for the Hotel can be determined.

In March 2020, the Company completed the purchase of additional condominium units and parking spaces in One San Miguel Avenue located at San Miguel Avenue in Ortigas Center, Pasig City and these are already part of the inventory being marketed by the Sales Team of the Company.

Competition

Competition in the real estate business is primarily driven by location. However, other factors suchas quality of property and provision of property management, sales, and marketing services also shape the competitive landscape, insofar as capturing customers is concerned.

Within the property leasing business, the Company can be considered in direct competition with other lessors of comparable buildings in the immediate vicinity of Kepwealth Center in the Cebu Business Park as well as those in the Cebu IT Park.-

Furthermore, the Company also competes with other industry players, such as property developers and real estate investors, in securing properties to be able to expand its portfolio of

properties available for lease.

As for its asset management business, the Company's competitors are likewise diverse. These range from multinational property asset management firms and their Philippine partners, such as Colliers

International, Knight Santos Frank, Jones Lang La Salle, among others, who deal with multi-building in different locations to much smaller, fragmented players, who deal with single buildings.

Sources and Availability of Raw Materials

The Company does not utilize any raw materials for its business.

Dependence on a Single or Few Customers

The Company does not depend on a single or a few customers for its business, and no one customer accounts for more than 20% of its revenue.

Transactions With and/or Dependence on Related Parties and Material Contracts

The Company has entered into the following contracts which may be considered material:

Lease Contracts

The Company currently owns 77 units with 98 leasable spaces and one hundred sixty (160) parking slots in the Kepwealth Center for rent. As of 31 December 2019, the Company enjoys an 82% occupancy rate for the leasable spaces and a 73.6% occupancy rate for the parking slots.

The average term of the Company's lease contracts is two (2) years, with the shortest term at one (1) year and the longest term at six (6) years, subject to renewal upon mutual consent by the parties. Lessees may pre-terminate the lease contracts by informing the Company in advance and paying the pre-termination fees equivalent to the forfeiture of the security deposit and advance rental payments. The lease contracts may not be assigned or subleased without the prior written consent of the Company.

Under the lease contracts, the condominium dues/association fees are paid separately from the rentals and these are also for the account of the lessees. In the event of default by lessees of rental payments, interests shall be imposed at rates ranging from three percent (3%) to ten percent (10%) per year. The rental payments due shall also be subject to annual incremental increases.

Asset Management Agreement

The Company used to to manage 555 units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units), Atrium Mall (43 units), Luxe Madrigal (96 units), Icon

Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). The Asset Management Agreements concerning the foregoing properties were entered into with various related parties (affiliates of the Company through common shareholders).

The asset management agreements entered into by KPPI have a standard term of five (5) years, mostly commencing in March 2019 until February 2024. The agreements are subject to automatic renewal unless notice is given of the intention not to renew the agreement at least 90 days prior to the expiration of the term.

But due to unfortunate event brought about by the COVID-19, Those Asset Management Agreement was pre-terminated on June 30, 2020, September 2020 and December 31, 2020.

Under the asset management agreements, KPPI will provide the following services to the unit owners:

1. Marketing

- a) Handle the marketing of the lease and sale of units with pro-active and strategic marketing effortsto ensure high occupancy rates.
- b) Screen prospective tenants in relation to the overall marketing plan and branding of the propertyand the client.
- c) Maintain and update a list of prospective tenants.

2. Tenant Services

- a) Assist in negotiations with tenants and in the documentation of lease contracts executed in the ordinary course of the client’s business.
- b) Coordinate and oversee the move-in and move-out of tenants from the property.
- c) Coordinate with the tenants/customers and third-party contractors for the fit-out/renovation of leased units.

- d) Monitor performance and compliance with the terms and conditions of the lease agreements between the client and its tenants/customers.
- e) Advise on the collection of all rental payments from the tenants/customers of the client and make recommendations on actions and measures that may be approved and sanction by the client to collect delayed payments or arrears from tenants/customers of the client.
- f) Monitor and advise on renewal of lease agreements between the client and its tenants/customers.
- g) Maintain, development, and foster good business and working relationships between the tenants/customers and the client.
- h) Liaise between the tenants/customers and the client in addressing complaints/issues in relation tothe Property and the implementation of the lease contracts.
- i) Monitor and oversee the repair and preventive maintenance of the Property.

Asset Management Contract

On 14 November 2017, the Company entered into an Asset Management Contract with Euro Capital Land, Inc. (“Euro Capital Land”) to act as the sole agent and representative with respect to 77 condominium units and 160 parking slots owned and controlled by the Company in Kepwealth

Center. The agreement is effective for an initial period of one (1) year from 14 November 2017 to 13 November 2018 and was extended up to 28 February 2019. Effective 1 March 2019, the asset management business was taken over by the Company from Euro Capital Land.

Under the previous contract, Euro Capital Land shall provide financial, practical, and professional services to the Company. These include key services such as rental and deposit collection, issuance of billings, unit management and repairs, preventive maintenance and inspection, and other administrative functions. In return, Euro Capital Land shall receive a Management Fee of Fifty Thousand Pesos (₱50,000.00) a month exclusive of VAT, Broker's Fee for sales of units from 3.0% to 3.5%, Broker's Fee for leases of units equivalent to one (1) month's rent for every year of the lease, and other extra charges for expenses in connection with the management of the unit to be reimbursed by the Company.

Management Service Agreement

On 1 June 2008, the Company formalized its Management Service Agreement with Kepwealth Center Condominium Corporation ("KCCC"). Under the agreement, KCCC recognized that it has paid the Company a Management Fee of twenty-five thousand (₱25,000.00) per month since December 2005 and shall continue to do so until termination of the agreement by the parties. There is no specific provision on the period of effectivity and termination of the agreement.

This monthly Management Fee covers regular consultancy services rendered by the Company in favor of KCCC for operations, financial, and administrative matters. The monthly Management Fee shall also be subject to increase depending on the extent and volume of services required.

Insurance

On May 22, 2020, KCCC procured an Insurance Policy with Malayan Insurance. covering Kepwealth Center effective until 22 May 2021. The total sum insured is One billion thirty-five million one hundred fifty-six thousand four hundred (₱1,035,156,400.00). The insurance policy covers the entire building (excluding the contents of the units) and its elevators, air conditioning system, fire- fighting, water distribution, and water treatment systems, and KVA gensets. The insurance coverage includes Fire, Lightning, and All Other Perils including earthquake, typhoon, flood, windstorm, hail, extended coverage (smoke, explosion, vehicle impact, and falling aircraft), riot, strikes, and malicious damage, sprinkler leakage, broad water damage, bursting and/or overflowing of water tanks, apparatus, and pipes, collapse due to insured perils, spontaneous combustion, tidal wave or tsunami, volcanic eruption, hurricane, and tornado.

The extension of coverage also includes Comprehensive General Liability insurance, money insurance, fidelity insurance, group personal accident insurance, plate glass/signages insurance, and machinery breakdown. The amount collectible for different risks covered are subject to specific limitations and deductibles provided under the insurance policy. Excluded from the Insurance Policy are terrorism and sabotage, war, documentary stamp tax payment warranty, electronic data exclusion clause, and total asbestos exclusion clause.

Contract for Brokerage Services

On 01 June 2020, the Company entered into a contract entitled Exclusive Broker Marketing

Agreement and Corporate Real Estate Agency with Jones Lang LaSalle (Philippines, Inc.) effective from 1 June 2020 until 31 May 2021. The Company engaged JLL as the exclusive marketing agent for leasing the Company's 77 units and 160 parking slots at Kepwealth Center. Under the Agreement, JLL will market the Property and make recommendations for the general promotion of the Property which will be implemented in accordance with the approved budget; escort interested parties to the Property and follow up all inquiries and interest expressed in the Property; report weekly on the progress of the marketing either verbally, online, in writing and/or at meeting with the client; advise the client on market conditions and the terms of the possible transactions and as appropriate, in conjunction with the Client's legal advisers negotiate the terms with interested parties acting on the client's behalf; provide written details of all offers received and assist the client's legal advisers in finalizing the legal documentations.

The Commission Fees payable to JLL varies depending on the duration of the lease term. For new leases, the Commission Fee is equivalent to 1 month Gross Rent for a lease term of 1 year to 3 years, 1.5 Month Gross rent for the lease term of 4 years; 2 months gross rent for lease term of 5 years; 2.5 Months gross rent for the lease term of 6 years to 8 years lease term; 3 months gross rent for the lease term of 9 years and 4 months gross rent for the lease term of 10 years and more.

Group Business Services

On 1 March 2019, the Company entered into a business process outsourcing agreement with Global O. Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Under the agreement, KPPI shall pay a monthly service fee of ₱251,521.98 for the services it outsources to Global O.

Global O is a group business services provider of companies under the GOLD Group. Global O is driven by key business principles. It shall also serve as the vanguard of internal control for KPPI. As such, Global O seeks to ensure compliance to statutory requirements, consolidation of information, reengineering and standardization of processes while leveraging on technology. The group business services arm will allow KPPI to take advantage of economies of scale and process standards while at the same time being customer focused and business intelligent.

Stockholders

The Company received non-interest-bearing advances from stockholders amounting to Php0.9 million. These cash advances were paid by the Corporation in 2019.

Management Service and Lease Agreements

ECLI

The Company has entered into an asset management, legal, and finance services agreement with ECLI for a fixed monthly fee which continues to be valid and subsisting until December 31, 2020. Expenses arising from this agreement, on the part of the Company, amounted to Php1.4 million, Php1.2 million and 1.3M 2018, and 2019 and 2020 respectively.

Keppel Center Condominium Corporation (KCCC)

The Company entered into an operational, financial, and administration services agreement with KCCC, a related party, until today, for a fixed monthly fee. Management income arising from this agreement amounted to Php300,000 in 2019 and 2020.

Terms and Conditions of Transactions with Related Parties

In the ordinary course of business, the Company has loan transactions with certain directors, officers, stockholders and related interests. Under the Company's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risk.

As to the advances made to related parties ECLI, ETII and certain stockholders, all cash advances made were non-interest-bearing, unsecured, and were either payable on demand or settled within one year.

Related Party Transaction Policy

The Company enters into transactions with affiliates and other related parties on an arm's length basis. Aligned with this thrust, the Company, in dealing with affiliates and other related parties, ensures above-board transactions and fairness and equity among all parties.

The Company exerts efforts to obtain the most beneficial terms and conditions for the Company, taking into consideration various factors including pricing and quality.

For this purpose, the Company determines the prevailing and applicable price in the market. In the process, it also gathers quotes and/or proposals from other parties engaged in similar or the same undertaking. Based on these, a comparable summary is presented to ascertain a fair price for the applicable related party transaction.

The Related Party Transaction Committee reviews all related party transactions of the Company.

Intellectual Property

The Company's business is not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. However, the Company believes that the registration of the Company's trademarks, tradenames and brands will help establish name recall and recognition in the market and build brand equity, which will eventually contribute to the success of the Company's projects and those of its affiliates.

The Company has not been subject to any disputes relating to its intellectual property rights.

Regulatory and Environmental Matters

The following description is a summary of certain sector specific laws and regulations in the Philippines, which are applicable to the Company. The regulations set out below may not be

exhaustive and are only intended to provide general information.

*Property Registration and Nationality
Restrictions 1987 Philippine Constitution*

The 1987 Philippine Constitution, as a rule, allows only Filipino citizens to acquire private lands in the Philippines. However, foreigners may own real property in the Philippines, subject to the following restrictions: only Philippine citizens, as individuals, may acquire both private lands and lands of public domain. There can be no joint ownership of these lands between Filipinos and foreign investors as individuals. However, corporations with Filipino ownership of at least 60% of the capital stock and foreign ownership of at least 40% of the capital stock may own private lands and lease lands of public domain.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain).

A foreigner may acquire private land in the Philippines through hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land up to a maximum area of 5,000 square meters in case of urban land or three hectares in case of rural land to be used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 square meters in case of urban land or three hectares in case of rural land for use by him or her for business or other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under Republic Act No. 4726, or the Condominium Act, provided that land on which the building is erected is held only under lease arrangement.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built.

Presidential Decree No. 1529 (Property Registration Decree)

The Philippines has adopted a system of property registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or

prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper survey, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds ("RD") may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one (1) year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e. homestead, sales and free patents) must be registered with the appropriate RD the conveyance of the title to the land covered thereby takes effect only upon such registration. The act of registration shall be the operative act to convey or affect the land or any land property insofar as third persons are concerned, and in all cases under

The said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land, if filed or entered in the office of the RD for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the RD.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be annotated by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six (6) months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Republic Act No. 4726 (Condominium Act)

While the 1987 Philippine Constitution prohibits foreigners from owning land, there is generally no prohibition against foreigners owning buildings and other permanent structures. Republic Act No. 4726 (as amended), or the Condominium Act, does not prohibit the acquisition of a

condominium unit by a foreign corporation or individual, provided that the foreign equity does not exceed the 40% limit provided by law.

The Condominium Act defines a condominium as an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreign ownership of more than 40% of the capital stock. The transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% of its entire capital stock.

Republic Act No. 7652 (Investors' Lease Act)

Republic Act No. 7652, or the Investors' Lease Act allows any foreign investor investing in the Philippines through actual remittance of foreign exchange, transfer of assets, or other technological rights or processes, upon registration with the SEC, to lease private lands, subject to the following conditions:

1. No lease contract shall be for a period exceeding 50 years, renewable once for a period of not more than 25 years;
2. The leased area shall be used solely for the purpose of the investment upon the mutual agreement of the parties; and
3. The leased premises shall comprise such area as may reasonably be required for the purpose of the investment, subject however, to the Comprehensive Agrarian Reform Law and the Local Government Code.

The leasehold right acquired under long-term lease contracts entered into pursuant to the Investors' Lease Act may be sold, transferred, or assigned; Provided, that when the buyer, transferee, or assignee is a foreigner or a foreign-owned enterprise, the conditions and limitations in respect to the use of the leased property as provided for under this law shall continue to apply.

However, foreign individuals, corporations, associations, or partnerships not otherwise investing in the Philippines, as described above, may only be allowed to lease private lands at a maximum period of 25 years, renewable for another period of twenty-five years upon mutual agreement of the parties.

A withdrawal of the approved investments (which means failure to operate the investment project for any three (3) consecutive years, outright abandonment of the investment project at any time during the approved lease period, or failure to pay lease rental for three (3) consecutive

months coupled with the failure to operate the investment project within the same period) within the period of the lease agreement or use of the leased area for purpose other than that authorized, shall warrant an automatic termination of the lease agreement, without prejudice to the right of the lessor to be compensated for the damages he may have suffered thereby.

The Secretary of Trade and Industry shall terminate any lease contract if the investment project is not initiated within three (3) years from signing of the lease contract. Any contract made or executed in violation of any of the following prohibited acts shall be deemed void and both contracting parties shall be punished by a fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more than One Million Pesos (₱1,000,000.00), or imprisonment of six (6) months to six (6) years, or both:

1. Any provision in the lease agreement stipulating a lease period in excess of 50 years, renewable for a period not more than 25 years;
2. Use of the leased premises for the purpose contrary to existing laws of the land, public order, public policy, morals, or good customs; and

Any agreement or agreements resulting is the lease of land in excess of the area approved by the DTI: Provided, That, where the excess of the totality of the area leased is due to the acts of the lessee, the lessee shall be held solely liable therefor: Provided, further, That, in the case of corporations, associations, or partnerships, the president, manager, director, trustee, or officers responsible for the violation hereof shall bear the criminal liability.

Building Code

Presidential Decree No. 1096 (National Building Code of the Philippines)

Presidential Decree No. 1096, or the National Building Code, requires that all buildings or structures as well as accessory facilities shall conform in all respects to the principles of safe construction and must be suited to the purpose for which they are designed. Buildings or structures and all parts thereof as well as all facilities found therein shall be maintained in safe, sanitary, and good working condition.

All buildings erected, altered, remodeled, relocated or repaired for human habitation shall be provided with adequate and potable water supply, plumbing installation, and suitable wastewater treatment or disposal system, storm water drainage, pest and vermin control, noise abatement device, and such other measures required for the protection and promotion of health of persons occupying the premises and other living nearby.

Rent Limitation

Republic Act No. 9653 (Rent Control Act of 2009)

The Rent Control Act of 2009 applies to all residential units, which refer to apartments, houses and/or parcels of land on which another's dwelling is located, building houses, dormitories, rooms and bedspaces offered for rent by their owners (except motels, motel rooms, hotels, hotel rooms), and those used for home industries, retail stores, or other business purposes if the owner and his or her family actually live in such unit and use it principally for dwelling purposes (the "Resident Unit"), whose total monthly rent for each ranges from ₱1.00 to ₱10,000.00, if in the National Capital Region and other highly urbanized cities, and from ₱1.00 to ₱5,000.00, if in all other area.

Under this law, the rent of any Residential Unit shall not be increased by more than 7% annually

as long as the unit is occupied by the same lessee. However, when the residential unit becomes vacant, the lessor may set the initial rent for the next lessee.

Rent shall be paid in advance within the first five days of every current month or the beginning of the lease agreement, unless the contract of lease provides for a later date of payment. The lessor cannot demand more than one-month advance rent. Neither can he/she demand more than two months deposit which shall be kept in a bank under the lessor's account name during the entire duration of the lease agreement. Any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the lease contract.

In the event however, that the lessee fails to settle rent, electric, telephone, water or such other utility bills or destroys any house components and accessories, the deposits and interests therein shall be forfeited in favor of the lessor in the amount commensurate to the pecuniary damage done by the lessee.

A lessee can be judicially ejected based on the following grounds:

1. Assignment of lease or subleasing of residential units in whole or in part, including the acceptance of boarders or bed spaces, without the written consent of the owner/lessor/administrator/agent of the owner of the residential unit;
2. Arrears in payment of rent for a total of three (3) months. However, in case the lessor refuses to accept payment, the lessee may either deposit, by way of consignment, the amount in court, or with the city or municipal treasurer, as the case may be, or barangay chairman, or in a bank in the name of and with notice to the lessor, within one (1) month after the refusal of the lessor to accept payment. The lessee shall thereafter deposit the rent within 10 days of every current month. Failure to deposit the rent for three (3) months shall constitute a ground for ejection;
3. Legitimate need of the owner/lessor to repossess his or her property for his or her own use or for the use of an immediate member of his or her family as a residential unit; Provided, however, that the lease for a definite period has expired and that the lessor has given the lessee formal notice three months in advance of the lessor's intention to repossess the property. The owner/lessor is prohibited from leasing the residential unit or allowing its use by a third party for a period of at least one year from the time of repossession;
4. Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate authorities concerned in order to make the said premises safe and habitable. After the repairs, the lessee ejected shall have the first preference to lease the same premises, and the new rent shall be reasonably commensurate with the expenses incurred for the repair of the residential unit. However, if the residential unit is condemned or completely demolished, the lease of the new building will no longer be subject to the mentioned first preference rule; and
5. Expiration of the period of the lease contract. The lessor or his or her successor-in-interest are not entitled to eject the lessee upon the ground that the leased premises have been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not.

The Rental Control Act shall not apply in the event that the lessor, at his or her sole option, engages the lessee in a written rent-to-own agreement that will result in the transfer of ownership of the particular dwelling in favor of the lessee.

Real estate sales on installments
Republic Act No. 6552 (Maceda
Law)

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominiums but excluding industrial and commercial lots).

Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period for every one (1) year of installment payments made. However, the buyer may exercise this right only once in every five (5) years of the life of the contract and its extensions, if any.
2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of payments on the property equivalent to 50% of the total payments made and, after five years of installments, an additional 5% every year but not to exceed 90% of the total payments made; provided, that the actual cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Real property Taxation

Republic Act No. 7160 (Local Government Code of the Philippines)

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to

accrue exclusively to the Special Education Fund of the local government unit where the property is located.

Philippine Economic Zone Authority

Republic Act No. 7916 (Special Economic Zone Act of 1995)

The Philippine Economic Zone Authority (“PEZA”) is an agency attached to the Department of Trade and Industry that promotes investment in areas designated special economic zones around the Philippines.

Under R.A. No. 7916, as amended, or the Special Economic Zone Act of 1995, activities eligible for registration with the PEZA are export-oriented enterprises in the fields of manufacturing, information technology service, agro-industrial, tourism and medical tourism, economic zone development and operation, and logistics and warehousing services for PEZA-registered Export Manufacturing Enterprises.

Generally, enterprises registered with PEZA and PEZA facilities providers (owner/operator of buildings and other facilities inside the economic zones which are leased to PEZA-registered enterprises), among others, enjoy fiscal and non-fiscal incentives such as income tax holiday, and duty-free importation of equipment, machinery and raw materials. However, the PEZA Board issued PEZA Resolution No. 12-329 on 6 July 2012, excluding information technology (“IT”) facilities projects approved after the said resolution from enjoying PEZA incentives if the projects are located in the first four (4) PEZA-registered IT Parks in Metro Manila (i.e. Eastwood City Cyberpark in Quezon City, Northgate Cyber Zone in Alabang, Muntinlupa City, Robinsons Cyberpark in EDSA, Mandaluyong City and E-Square IT Park in Bonifacio Global City, Taguig City) and in Cebu City (Cebu IT Park). Notwithstanding, developers and operators of new IT Parks and Centers located outside Metro Manila and Cebu City remain entitled to the special five percent (5%) tax on gross income incentive and other fiscal incentives as may be provided by PEZA.

Data Privacy

Republic Act No. 10173 (Data Privacy Act of 2012)

Republic Act No. 10173, or the Data Privacy Act, protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines personal information as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information:

1. About an individual’s race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;

2. About an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offense committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
3. Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and
4. Specifically established by an executive order or an act of Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organizations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

Under the Data Privacy Act, the appointment of a Data Protection Officer ("DPO") is a legal requirement for all personal information controllers ("PICs") and personal information processors ("PIPs"). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

Philippine Competition Act

Republic Act No. 10667 (Philippine Competition Act)

Republic Act. No. 10667, or the Philippine Competition Act ("PCA"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict or lessen competition in

the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission (“PCC”), the agency responsible for the implementation of the PCA, before consummating the transaction where:

1. In a merger or acquisition of assets, the value of the transaction exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00), and the aggregate gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds Five Billion Six Hundred Million Pesos (₱5,600,000,000.00);
2. As a result of a proposed acquisition of voting shares of a corporation or of an interest in a noncorporate entity, the acquiring entity, together with its affiliates, would own an aggregate interest of 35% of the voting shares or shares entitled to profits, or increase the said shareholdings to 50%;
3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed Two Billion Two Hundred Million Pesos (₱2,200,000,000.00).

The adjusted thresholds for notification have been in effect since 1 March 2019.

An agreement consummated in violation of the compulsory notification requirement shall be considered void and shall subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction.

Philippine Taxation

Republic Act No. 8424, as amended (Tax Reform Act of 1997)

Pursuant to Republic Act No. 8424, or the Tax Reform Act of 1997, generally subjects a domestic corporation to a tax of 30% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the

Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 15% of such income; (iii) capital gains tax from sales of shares of stock not traded in the stock exchange which are taxed at a rate of 15% on net capital gains; and (iv) capital gains realized from the sale, exchange or disposition of lands and buildings, which is subject to a final tax of 6% of the purchase price, zonal value, or fair market value, whichever is higher.

In connection with the foregoing, rental payments for the use or possession without title of real properties used in business are subject to a creditable withholding tax of 5% of gross rental. Such creditable withholding tax may be applied by the lessor to reduce its annual income taxes.

Corporations engaged in real estate and asset management shall be levied, assessed, and collected a value-added tax (“VAT”) equivalent to 12% of gross receipts derived from the sale or exchange of services, including the use or lease of properties.

However, lease of residential units with a monthly rental per unit not exceeding Fifteen Thousand Pesos (₱15,000.00) shall be exempt from VAT. Where the monthly rental per unit exceeds Fifteen Thousand Pesos (₱15,000.00), but the aggregate of such lessor’s gross annual sales receipts during the year do not exceed Three Million Pesos (₱3,000,000.00), such gross sales and/or receipts shall be exempt from VAT and instead be subject to 3% percentage tax. Similarly, Sale or lease of goods and services to senior citizens and persons with disabilities, as provided under Republic Act Nos. 9994 (Expanded Senior Citizens Act of 2010) and 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability), respectively, shall also be exempt from VAT.

In cases where a lessor has several residential units for lease, some are leased out for a monthly rental per unit of not exceeding Fifteen Thousand Pesos (₱15,000.00) while others are leased out for more than Fifteen Thousand Pesos (₱15,000.00) per unit, his or her tax liability will be as follows:

1. The gross receipts from rentals not exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be exempt from VAT regardless of the aggregate annual gross receipts. It is also exempt from the 3% percentage tax.
2. The gross receipts from rentals exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be subject to VAT if the aggregate annual gross receipts from said units exceeds Three Million Pesos (₱3,000,000.00). Otherwise, the gross receipts will be subject to the 3% percentage tax.

The abovementioned rule shall also apply to mixed transactions.

Where the seller or transferor is habitually engaged in the real estate business, a creditable withholding tax based on the gross selling price/total amount of consideration or the fair market value, whichever is higher, paid to the seller or owner for the sale, transfer or exchange of real property, other than capital asset, shall be imposed upon the withholding agent or buyer.

Foreign Investments

Republic Act No. 7042 (Foreign Investments Act of 1991)

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 (“FIA”), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in

the Foreign Investment Negative List. The latest Foreign Investment Negative List (Eleventh) maintains the prohibition of foreign equity for retail trade enterprises with paid-up capital of less than \$2,500,000 under R.A. 8762.

For the purpose of complying with nationality laws, the term “Philippine National” is defined under the FIA as any of the following:

1. a citizen of the Philippines;
2. a domestic partnership or association wholly owned by citizens of the Philippines;
3. a corporation organized under the laws of the Philippines of which at least 60% of the

capitalstock outstanding and entitled to vote is owned and held by citizens of the Philippines;

4. a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code of the Philippines, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or

5. a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

There can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

Labor and Employment

Presidential Decree No. 442, as amended (Labor Code of the Philippines)

The Department of Labor and Employment (“DOLE”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On 15 March 2017, Department Order No. 174 (2017) (“D.O. 174”) was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor’s or subcontractor’s employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

Republic Act No. 11058 (Occupational Safety and Health Standards Law)

On August 17, 2018, Republic Act No. 11058, or the Occupational Safety and Health Standards Law, was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which

they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The willful failure or refusal of an employer, contractor or subcontractor to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls, or supervises the work shall be solidarily liable.

Republic Act No. 1161, as amended (Social Security Law)

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System (“SSS”). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Republic Act No. 9679 (Home Development Mutual Fund Law)

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Republic Act No. 7875, as amended (National Health Insurance Act of 1995)

Under Republic Act No. 7875, Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Revised Corporation Code

Republic Act No. 11232, or the Revised Corporation Code, was signed into law on 20 February 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

1. Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

2. the Code allows the creation of a “One Person Corporation” (“OPC”), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.
3. material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
4. the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and
5. in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Research and Development

As of 30 December 2020, no research and development cost was recorded by the Company.

Employees

As of 31 December 2020, the Company has 10 employees. The Company has put on hold any plan to hire any employees while it is assess the impact caused by Corona Virus 2019 (“COVID-19”).

Risks Associated with the Business, Risk Management and Business Strategy

The Company may not be successful in implementing new business strategies or penetrating new markets.

The Company intends to continue its focus on property leasing and asset management as key areas of growth. As part of its strategy, the Company intends to accelerate asset growth in high-growth, high margin business areas and to look at opportunities to acquire commercial and residential properties in other areas which show consistent inherent demand and have the potential for both increasing occupancy and pricing.

The strategies/directions of the Company for 2020 are the following:

1. To diversify and expand its market of operations and increase the office/commercial portfolio by looking for properties that have inherent upside potential due to its prime/preferred locations in developed and/or growing business/commercial areas both in Cebu and/other key metropolitan areas;
2. To widen the range of its client base by acquiring properties that are attractive to large tenants such as Regional/Area Offices of nationally operating large corporations/businesses;
3. To look into possible acquisition and development opportunities in high growth areas either solely and/or in partnership with other investors/partners;
4. Expand Asset Management Services to include: (a) more assets owned by affiliates; and (b) to third parties/non-affiliates. This will further widen the revenue base by adding more non- office/commercial properties – e.g. hospitality, warehousing, logistics, etc.

While this strategy will improve the Company's revenue sources and asset base by diversifying its location/area of operations and target market, it may likewise expose the Company to a number of risks and challenges including, among others, the following:

- new and expanded business activities (in particular, the asset management business) may have less growth or profit potential than the Company anticipates, and there can be no assurance that new business activities will become profitable at the level the Company desires or at all;
- the Company's competitors may have substantially greater experience and resources for the new and expanded business activities;
- the Company may not be able to find the suitable location to acquire properties; and
- economic conditions, such as rising interest rates or inflation and regulatory changes, such as changes in tax regulations, could hinder the Company's expansion.

To mitigate these risks, while the Company already maintains a competent and dynamic team of professional executives and managers engaged in the management of the business, it strives to strengthen the competencies of its employees. The Company will closely monitor and control overhead expenses and will not hire new personnel except as may be needed for any new client/business. The Company also intends to hire only personnel with the expertise and experience to manage and handle the expanded range and scope of any new business or opportunity. The Company likewise continues to actively invest in market research in order to better align its business strategies with the market demand. KPPI may also use its existing team of professionals and benefit from the extensive network of its affiliates to identify suitable properties for acquisition. Finally, the Company does not carry debt and keeps adequate reserves which enable it to be more resilient to handle the impact of any economic downturn that may affect other companies of similar size and scope of business.

There is heightened competition among local and national players where the Company is operating and will undertake its expansion.

The Company's future growth and development are dependent, in part, on its ability to acquire additional properties suitable for the Company's leasing business. Due to competition with other real estate companies and the availability of suitable properties in the secondary market, KPPI may experience difficulty in locating properties of suitable size in locations and at prices acceptable to the Company and consistent with its expansion strategy. In the event the Company is unable to acquire suitable properties at acceptable prices with reasonable returns, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company faces tough competition from a number of local and national players that take advantage of the growing real estate market in Metro Manila, Cebu City, and Davao City. The incoming pipeline of office and commercial buildings in the Cebu Business Park will add to the inventory of leasable space in the area thereby increasing vacancy rates for the next few quarters until occupier demand picks up. Furthermore, the expansion plans of the Company will cause it to directly compete with real estate developers which construct buildings to lease out office and commercial space.

Kepwealth Center, because of its prime location, is a preferred choice for businesses to house their operations within Cebu Business Park. As of 31 December 2020, the Company enjoys 69.28% occupancy rate for the leasable spaces and a 72.55% occupancy rate for the parking slots.

The Company has also been able to quickly establish its asset management business with a number of commercial and residential properties under its portfolio. The Company believes its strong track record in Cebu City's premier business park and its quick and lean asset management operations will allow it to thrive in the main market segments for its expansion, namely the high-end, mid-market, and economic property leasing and asset management. The Company also has significant experience in the fit-out of office space and can tailor-fit its properties to achieve their best use and ensure its optimal market acceptance for the target market. Further, the Company's solid performance is enabled by innovative sales and marketing strategies.

With the Company's growing market presence and expertise in various property offerings, the Company believes it will be able to drive growth amidst heightened competition.

In addition, the COVID-19 pandemic has dramatically reduced competition and could result in opportunity to acquire properties in prime locations, which may even be available at a discount. The Company is well-positioned to take advantage of these opportunities because of its healthy financial position (it has zero debt) which will make it easier to raise capital and/or avail of bank financing. The Company also believes its familiarity with the people and the territories where it is operating and where it intends to operate as well as management's significant experience in the business enable the Company to attract proposals for possible joint ventures with landowners or offers for sale of properties.

Given the current geographic concentration of the Company's properties, the Company's results of operations would suffer if the leasing and asset

management industry in the Company's current markets decline.

The Company's office leasing business is concentrated in Cebu City while its asset management business is currently concentrated in Metro Manila. The continued growth and development of Cebu City and Metro Manila are essential to the current business and future prospectus of the Company and any prolonged economic downturn in these markets could have a material adverse effect on the Company's business, results of operations, and financial condition.

To cushion the concentration of the Company's operations in Cebu City and Metro Manila and mitigate this risk, the Company intends to expand its leasing business and broaden the client base of its asset management business to other highly urbanized centers. Consistent with its strategy of diversification (both geographically and target market), the Company expanded its portfolio thru its acquisition of condominium units and parking slots in One San Miguel Avenue located in Ortigas Center, Pasig City, which has a diverse mix of potential clients consisting of local, national and foreign businesses. The Company continues to look for other acquisitions/properties in high-growth areas such as Metro Manila, Angeles City-Clark-Bamban (Tarlac), Iloilo, Bacolod, Cagayan de Oro City, Davao City, etc..

The real estate sector is capital intensive and might cause difficulty for the Company to readily

raise the necessary capital to acquire new properties.

The Company's business expansion will require a substantial amount of capital to acquire properties for leasing. While the Company may not need funds for the construction and development of buildings since it intends to acquire assets from the secondary property market, this acquisition strategy will entail documentation and transfer costs.

Historically, the Company has relied on internally-generated funds to acquire additional properties. Due to the capital-intensive nature of its business, it is inevitable that the Company will need external support to finance its planned asset acquisition. Failure to obtain the requisite funds could delay or prevent the acquisition of properties which could materially and adversely affect the Company's reputation, financial condition and results of operations.

To mitigate this risk, the Company intends to use the proceeds of its public listing to primarily fund its business expansion strategies. The properties to be acquired by the Company and the asset management business are expected to generate additional revenue to further support its expansion activities. Furthermore, the Company may leverage on its existing assets to secure financing for asset acquisition. In addition, the Company is open to strategic joint ventures which will allow the Company to share the acquisition cost of certain properties with its joint venture partners.

Because of its strong financial position due to its zero debt, the Company is well-positioned to avail of other financing activities (e.g. debt financing) in making major business investments or acquisitions. The Company ensures that any financial commitments would be evaluated in terms of the inflow of revenues of its projects and their ability to service their own financial requirements once fully operational.

The Company relies on certain key personnel and the loss of any such key personnel or the inability to attract and retain them may negatively affect the business.

The Company's success depends upon, among other factors, the retention of its key management, senior executives and upon its ability to attract and retain other highly capable individuals. The loss of some of the Company's key management, and senior executives, or an inability to attract or retain other key individuals could materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. The Company believes it maintains a positive and harmonious working relationship with its executives, members of senior management and other key officers.

The Company engages agents to market its properties.

The Company uses third party agents to market and sell its various property offerings to potential customers. If these agents do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of such agents in the Philippines and many of the Company's competitors may attempt to recruit agents away from the Company. If a large number of these agents were to cease selling for the Company, the Company would be required to seek other agents, and there can be no assurance that the Company could do so quickly or in sufficient numbers.

To mitigate this risk, the Company has maintained a very professional and harmonious working relationship with its extensive agency network. The Company has also pioneered various incentive programs for its agents. Further, the Company has, in its complement, very competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers. At least about 9% of the Company's property offerings are promoted by its in-house agents and about 91% are coursed through third party agents. While the Company engages third party agents for most of its marketing efforts, it is not entirely reliant on these third-party marketing agents but can actually operate independently since it does not outsource its entire marketing activities to these third-party agents.

In addition, with the establishment of the Company's asset management business, the Company believes it will be able to grow its internal capabilities with respect to marketing and landlord representation. As the asset management business of the Company develops, the Company expects to reduce its reliance on third party agents for the marketing of its property offerings and subsequently conduct all marketing efforts internally.

Cancellation of contracts involving the Company's projects could adversely affect its business, financial condition and results of operations.

The Company's business, financial condition and results of operations could be adversely affected in the event that a material number of its leasing and asset management contracts are cancelled. While the Company has historically less than 1% cancellation rate, there can be no assurance that it will not experience a material number of cancellations in the future. Should it happen, it will have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk and prevent cancellations, the Company ensures value for its customers' money with its competitive pricing, quality location, well-established customer care, and property management support. To minimize the risk of cancellations, the Company targets a prudent mix of clients and carefully and thoroughly evaluates each potential client by looking at such factors as legitimacy, reputation and track record of payment history and growth. These ensure that the client base of the Company have a low risk for default/cancellation. The Company also aims to diversify its market further in order to avoid excessive dependency on a particular geographic location of customers. Furthermore, the lease contracts of the Company provide for the forfeiture of tenant deposits in the event that the lease is pre-terminated.

Titles over properties owned by the Company may be contested by third parties.

While the Philippines has adopted a system of property registration which is intended to conclusively confirm land and condominium ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of property which has already been registered and over which a title has been issued to another person or entity. The Company, from time to time, may be required to defend itself against third parties who claim to be the rightful owners of such property.

To mitigate this risk, the Company conducts an extensive, thorough and comprehensive due diligence (including legal, administrative and financial aspects) before it acquires any property. It likewise conducts its own surveys of these properties to verify the accuracy of technical descriptions and the correctness of all boundaries. Furthermore, the Company investigates the existence of any prevailing liens or tax obligations which may adversely affect its ownership rights to properties to be acquired. The Company has likewise put in place audit procedures to ensure that the properties it will acquire are free from any undisclosed lien or encumbrance.

The Company may be involved in litigation, which could result in financial losses or harm its business

The Company may, in the future, be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market place or that the Company will be able to recover any losses incurred from third

parties, regardless of whether the Company is at fault. Furthermore, there can be no assurance that (i) losses relating to litigation will not be incurred beyond the limits, or that any such losses would not have a material adverse effect on the results of the Company's business, financial condition or results of operation, or (ii) provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

To mitigate this risk, the Company ensures that all contracts are reviewed by its Finance group and by external legal counsel to check the financial and legal implications and risks. The Company also secures third party opinions when required by the transaction. The Company strives to maintain good relationship with customers, suppliers, contractors, regulators and other parties it regularly deals with and endeavors to amicably settle legal proceedings, resort to alternative

methods of dispute resolution, and exhaust all legal remedies available. As of the date of this report, the Company is not a party to any litigation.

The Company faces risks and challenges associated with acquisitions and investments.

The Company intends to acquire properties and may enter into strategic alliances and joint ventures and make investments and will continue to seek opportunities to do so in the future as part of its expansion plan. In order to pursue this strategy successfully, the Company must effectively identify suitable targets for, and negotiate and consummate, acquisition or investment transactions, some of which may be large or complex, and manage post-closing issues.

Risks associated with acquisition and investment transactions include the following, any of which could adversely affect our revenue, gross margin and profitability:

- acquisition and investment transactions often require significant management resources, which may divert the Company's attention from other business operations;
- the Company may not fully realize all of the anticipated benefits of any acquisition and investment transaction, and the timeframe for realizing benefits of an acquisition and investment transaction may depend partially upon the actions of employees, advisors, suppliers or other third parties;
- acquisition and investment transactions may result in significant costs and expenses and charges to earnings, including those related to asset impairment charges and other liabilities, legal, accounting and financial advisory fees;
- the Company may borrow to finance acquisition and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect the Company's liquidity and financial condition; and
- if disputes arise in connection with acquisition and investment transactions, such disputes may lead to litigation, which may be costly and divert the Company's resources.

To mitigate this risk, the Company ensures that any acquisition or investment is within the Company's strengths and the expertise of its management. In addition, any acquisition or

investment by the Company must be consistent with its overall business strategies. Furthermore, the Company undertakes the necessary due diligence review with respect to its acquisitions and investments. It engages different professionals, on a project basis, to provide extensive due diligence in the areas of market projections, including size and pricing, title and contract reviews and research, financial report analysis and evaluation, and business planning. The Company will also expand its organizational capability and expertise by recruiting the necessary officers and staff to manage and operate any expanded business.

The Company is a party to a number of related party transactions.

The Company has in the past entered into transactions with companies directly or indirectly controlled by or associated with the Company's majority shareholders and other related parties and expects that it will continue to enter into such transactions. These transactions may involve potential conflicts of interest between the Company and the majority shareholders in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and/or its affiliates;
- plans to develop the respective businesses of the Company and/or its affiliates; and
- business opportunities that may be attractive to the majority shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

To mitigate this risk, the Company enters into related-party transactions at an arms-length basis. Furthermore, upon the constitution of the Related Party Transaction Committee, related-party transactions will be passed upon by the committee which will be composed of two independent directors and one non-executive director of the Company. Moreover, certain related party transactions benefit the Company and allow it to tap into the broader asset base and business operations of related parties.

*The implementation and effects of any future changes
in accounting standards may affect the financial reporting of the Company*

The Philippines Financial Reporting Standards Council ("PFRSC"), or other regulatory bodies, periodically introduce modifications to financial accounting and reporting standards under which the Company prepares its financial statements. There can be no assurance as to the implementation of new accounting standards in the Philippines and the significance of the impact it may have on the Company's financial statements in the future. To mitigate any potential risk to the Company, the Company shall ensure close coordination with its auditors and full compliance with relevant regulations.

The PFRS 16, Leases standard will replace PAS 17, Leases and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not

expected to have any material effect on the financial statements of the Company, since in most of its arrangement it is acting as a lessor and in the only lease arrangement where it is the lessee, the amount of lease is significantly small and the Company does not foresee that the adoption of PFRS 16 will have any material effect on the financial condition and/or business of the Company.

Risks Relating to the Philippines

The Company's business activities and assets are based in the Philippines, which exposes the Company to risks associated with the country, including the performance of the Philippine economy.

The Company derives its operating income and operating profits from the Philippines and, as such, it is highly dependent on the state of the Philippine economy. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- inflation or increase in interest rates;
- Philippine government budget deficits;
- the emergence of infectious diseases in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events. However, the Company is constantly improving its properties through various upgrades in equipment and facilities to make these more efficient and resilient to damage due to natural calamity.

Any future deterioration in economic conditions in the Philippines due to these or other factors could materially and adversely affect the Company's customers and contractual counterparties. This, in turn, could materially and adversely affect the Company's financial position and results of operations.

Therefore, changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations and result in losses.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's operations. Although there can be no assurance that the Company will be adequately compensated for all damages and economic losses resulting from natural catastrophes, the Company maintains comprehensive insurance against natural catastrophes to cover its various properties. Kepwealth Center, for instance, has a building insurance policy that covers material damage to its facilities caused by natural catastrophes. Moreover, the following measures and improvements for the building have been completed:

waterproofing and structural strengthening at the Basement floors, refurbishment/upgrades of elevators, and installation of emergency power facilities and equipment. There are also plans for replacing the fire detection and alarm system. All of these are items which increase the resiliency of the property in handling natural disasters. Similar programs have been completed and/or currently ongoing in the other managed properties.

The Philippine property market is cyclical.

The Company expects to derive a substantial portion of its revenue in the future from current and future portfolio of commercial and mixed-use projects. Accordingly, the Company is dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines, and political and social developments.

However, the Company's properties, including those which it manages, are located in prime areas which have naturally and historically strong markets. These are less affected and impacted than most locations in the Philippines.

Item 2. Properties

As of 31 December 2020, the Company owns 77 units with 98 leasable spaces in Kepwealth Center a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. As of 31 December 2020, the Company enjoys 69 % occupancy rate for the leasable spaces and a 73% occupancy rate for the parking slots.

The Company believes Kepwealth Center is an iconic landmark in the Cebu Business Park. It stands proud in its granite and glass construction and boasts of an eye-catching architectural design which is bound to absorb any one's attention, making it very distinctive from the buildings around it. This 15-storey building with total floor area of 18,126 sq.m standing on a 2,615 sq.m. property. This building boasts of its design of being earthquake-resistant, considering that it was one of the first buildings erected within the area. Being PEZA-accredited, the building it is an ideal choice for office spaces for

BPOs and international trading companies. Due to its prime location and accessibility to various means of transportation, it is a building of choice for small to medium size companies looking for a space in an upscale business environment. Currently, it houses various types of tenants ranging from financial institutions, prestigious law firms and other consultancy companies and other BPOs.

Among the attractive features of the building are:

- Prime location, proximity to hotels, banks, and other commercial institutions
- Availability of small and medium-sized unit
- PEZA accreditation
- Upscale business environment
- Safe and comfortable working conditions
- Wide access to various means of public transportation

There are plans to modernize the building to better serve the requirements of the tenants, such as more efficient elevators, centralized air-conditioning system and lighting system. These will

make Kepwealth Center updated, similar to the newer buildings within the area and further provide a safe, comfortable and convenient work area to its tenants.

Based on the market valuation report dated 6 July 2018, Cuervo Appraisers, Inc. rendered an opinion that the market value of the property appraised as of 17 February 2019 is reasonably represented in the amount of Php869,245,000.00.

The Kepwealth Center is covered by the insurance policy of KCCC. KCCC's insurance policies are subject to exclusions that are customary for insurance policies of the type held by KCCC, including those exclusions relating to war and terrorism-related events. The Company and KCCC believe the insurance policies are in line with industry standards in the Philippines.

Material Permits and Licenses

The Company has all the material permits and licenses necessary for its business and these are valid and subsisting as of the date of this report. The Company has all the major permits and licenses necessary to operate its leasing and asset management business in the cities of Makati and Cebu. The failure to possess any such permit or license will not have a material adverse effect on the business and operations of the Company. The Company has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

The Company has only one office located in the city of Makati. All reports and documents pertaining to its operations in Cebu are consolidated in its Makati office.

The costs of compliance with environmental laws are included in the cost for permits and licenses procured by the Company.

Item 3. Legal Proceedings

The Company is currently not a party to any material legal proceedings, claims and/or tax assessments. The Company, or its, associates or properties is not currently involved in any material litigation, arbitration or similar proceedings, and the Company is not aware of any such proceedings pending or threatened against it or any of its associates or its properties.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2020 to a vote of security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder

MattersMarket Information

The common shares of the Company first listed on the PSE on August 19, 2019, are traded on the Philippine Stock Exchange ("PSE") under the symbol of KPPI. The closing price of the said shares

on March 31, 2021 is P5.32.

The table below sets out the high and low share prices for the Company's common shares as reported on the PSE:

Year		1Q	2Q	3Q	4Q
2020	High	12.78	7.88	6.40	7.87
	Low	5	5.70	5	4.82
2021	High	6.67	-	-	-
	Low	5	-	-	-

Shareholders

As of 31 March 2021, the Company has 16 shareholders of its common shares of stock, set out in the following table:

	Name of Stockholders	Number of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	75,590,090	37.596
2	PCD NOMINEE CORP. (FILIPINO)	66,911,497	33.280
3	WE SERVE 24 HOURS, INC.	34,310,390	17.065
4	EURO CAPITAL PTE. LTD.	16,082,980	7.999
5	LAS TUAZON AND SONS REALTY, INC.	8,041,490	4.000
6	PCD NOMINEE CORP. (NON-FILIPINO)	114,100	0.057
7	MYRA P. VILLANUEVA	6,000	0.003
8	NERO MORADA YAP MORENO	1,000	0.000
9	GERARD JOSEPH B. ALAVA	10	0.000
10	JOHN F. CATINDIG	10	0.000
11	AUGUSTO PABLO ARZAGA CORPUS JR.	10	0.000
12	IGNACIO SALVADOR GIMENEZ, III	10	0.000
13	EDMUNDO G. LAS	10	0.000
14	ROBERT IVAN F. OLANDAY	10	0.000
15	RESTITUTO T. LOPEZ	1	0.000
16	MARK ANTHONY C. MIGALLOS	1	0.000
		201,057,609	100

As of 31 March 2021, the Company has four (4) shareholders of its preferred shares of stock, set out in the following table:

	Name of Stockholder	No. of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	143,820,000	56.400
2	WE SERVE 24 HOURS, INC.	65,280,000	25.600
3	EURO CAPITAL PTE. LTD.	30,600,000	12.000
4	LAS TUAZON AND SONS REALTY, INC.	15,300,000	6.000
	TOTAL	255,000,000	100.00

Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. "Unrestricted Retained Earnings" refer to "the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends." The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when the required consent of any financing institution or creditor to such distribution has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

In relation to the preceding paragraph, Section 29 of the Tax Code imposes for each taxable year an improperly accumulated earnings tax ("IAET") of 10% of the improperly accumulated taxable income of corporations formed or availed of for the purpose of avoiding the income tax with respect to its shareholders or the shareholders of any other corporation, by permitting the earnings and profits of the corporation to accumulate instead of dividing them among or distributing them to the shareholders.

Reasonable needs of the business refer to the immediate needs of the business, including reasonably anticipated needs. Revenue Regulations No. 02-01 ("RR 02-01") provides that a

corporation should be able to prove an immediate need for the accumulation of the earnings and profits, or the direct correlation of anticipated needs to such accumulation of profits, such as in the following instances:

- Allowance for the increase in the accumulation of earnings up to 100% of the paid-up capital of the corporation as of Balance Sheet date, inclusive of accumulations taken from other years;
- Earnings reserved for definite corporate expansion projects or programs requiring considerable capital expenditure as approved by the Board of Directors or equivalent body;
- Earnings reserved for building, plants or equipment acquisition as approved by the Board of Directors or equivalent body;
- Earnings reserved for compliance with any loan covenant or pre-existing obligation established under a legitimate business agreement;
- Earnings required by law or applicable regulations to be retained by the corporation or in respect of which there is legal prohibition against its distribution; or
- In the case of subsidiaries of foreign corporations in the Philippines, all undistributed earnings intended or reserved for investments within the Philippines as can be proven by corporate records and/or relevant documentary evidence.

On the other hand, RR 02-01 considers the following as prima facie instances of accumulation of profits beyond the reasonable needs of a business and indicative of purpose to avoid income tax upon shareholders:

- Investment of substantial earnings and profits of the corporation in unrelated business or in stock or securities of unrelated business;
- Investment in bonds and other long-term securities; or

Accumulation of earnings in excess of 100% of paid-up capital, not otherwise intended for the reasonable needs of the business.

In order to determine whether profits are accumulated for the reasonable needs of the business as to avoid the imposition of the improperly accumulated earnings tax, the controlling intention of the taxpayer is that which is manifested at the time of accumulation, not subsequently declared intentions which are merely the product of afterthought.

If there is any excess accumulated taxable income, the corporation must declare and pay or issue dividends not later than one (1) year following the close of the taxable year, otherwise, the IAET, if any, should be paid within 15 days thereafter.

This provision does not apply to publicly-held corporations, or corporations at least fifty percent (50%) in value of the outstanding capital stock or at least fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for more than 20 individuals.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend Policy

The Company, pursuant to a board approval on 9 January 2019, intends to pay dividends annually in the amount of up to 25% of its audited net income after tax of the previous year subject to compliance with the requirements of applicable laws and regulations and subject to investment plans and financial condition of the Company.

The Board of Directors will review the amount of dividends periodically in light of the Company's earnings, financial condition, cash flows, capital requirements, and other considerations. The declaration of dividends shall also take into account the need to maintain a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a stand-alone basis.

Dividends shall be declared and paid out of the Company's unrestricted retained earnings in cash, property or stock, which shall be payable to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the Board of Directors, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the Company's earnings, cash flow, return on equity and retained earnings;
- the Company's results and financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the Company's projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any future financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board of Directors deems appropriate.

The Company's dividend policy on preferred shares is to declare and pay dividends in accordance with the terms and conditions of its issuance. With regard to the preferred shares, the Board has the power to determine such other features of the preferred shares. Under the Company's amended AOI, the Board has the power to determine such other features of the preferred shares. Currently and pursuant to a board resolution approved and passed on 22 May 2019, holders of the currently issued and outstanding preferred shares do not enjoy dividend rights and only enjoy preference in the event of liquidation.

For the year 2017, the Board of Directors declared a cash dividend of ₱31,273,394.00 or ₱0.92 per share for all shareholders as of 30 September 2017 payable on 27 October 2017.

No dividends were declared in 2020.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transactions

As of the date hereof, the Company has not undertaken any recent sale of unregistered or exempt securities, including issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion of the KEPWEALTH PROPERTY PHILIPPINES, INC.'s ("KPPI" or the "Company") recent financial condition and results of operations should be read in conjunction

with the KPPI's Audited Consolidated Financial Statements as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and notes thereto, which form part of the SEC Form 17-A as "**Annex A**".

A. Financial Condition

The Company has total assets of Php 856.87 million and Php 832.45 million as of December 31, 2020 and 2019, respectively, increase of which is primarily related to inflows of proceeds from the IPO.

Assets

Current Assets

- The Company has Total Current Assets of Php 310.84 Million and Php 511.14 Million as of December 31, 2020 and 2019, respectively.
- Cash and cash equivalents amounted to Php 282.55 million and Php 452.33 million as of December 31, 2020 and 2019, respectively. Cash and cash equivalents includes unused proceeds from IPO which are part of Cash in bank and the same earns interest at the respective bank deposit rates. Cash equivalents which are made for varying periods of up to three months depending on the immediate cash requirement of the Company and the same earn annual interest of 3.25%.
- Trade and other receivables of the Company amounted to Php 15.04 million and Php 7.94 million as of December 31, 2020 and 2019, respectively. The total Trade receivables of the Company are 3.9% of the total current asset. Trade Receivables are non-interest bearing and are generally collectible in the succeeding month.

Non-Current Assets

- Of the Company's total assets, noncurrent assets comprise of 63.70% as of December 31, 2020 up from 39% as of December 31, 2019. Due to acquisition of One San Miguel Property and investing to the preferred shares of SMC.
- The Company's Investment Property consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one to six years. Leasing revenues are earned from the Investment Property and will be discussed in detail below.
- Property and equipment includes office equipment and improvements.
- Net deferred tax asset is the net between deferred tax assets such as advance rent and allowance for estimated credit loss ("ECL") and deferred tax liabilities which are initial leasing cost and accrued rent. The Net deferred tax asset of the Company is Php 3.38 million as of December 31, 2020 and 2019, respectively.

Liabilities

- The Company has total liabilities of Php 43.47 million and Php 39.4 million as of December 31, 2020 and 2019, respectively.

- Accounts and other payable comprises 89% (Php 39 million) and 89% (Php 35 million) of the Total liabilities as of December 31, 2020 and 2019, respectively.

- Other items of liabilities include income tax payable, advance rent – net of current portion, security deposits – net of current portion and deferred credits – net of current portion.

Equity

- The Company has total equity of Php 812.92 million and Php 793.08 million as of December 31, 2020 and 2019, respectively.

- In March 7, 2019, the SEC approved the Company’s change in authorized capital structure from 8,800,000 common shares at Php 10 par value a share and 53,200,000 preferred shares at Php 10 par value a share to 365,000,000 common shares at Php 1 par value a share and 255,000,000 preferred shares at Php 1 par value a share, respectively. The change in par value in the Company’s authorized capital resulted to an increase in common shares by 76,522,500 and an increase in preferred shares by 229,500,000.

- The Company’s Board of Director (“BOD”) and stockholders declared stock dividends of 49,000,000 common shares Php 1 par value a share equivalent to Php 49.0 million from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.

- The Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares of stock were officially listed for trading in the PSE on August 19, 2020. The Company’s IPO consisted of 67 million common at an offer price of Php 5.74 per share.

Key Performance Indicators

	December 31, 2020	December 31, 2019
Current ratio	7.99:1	14.57:1
Debt-to-equity ratio	0.05:1	0.05:1
Asset-to-equity ratio	1.05:1	1.05:1

Notes:

Current ratio = *Current Assets / Current Liabilities*

Debt-to-equity ratio = *Total Liabilities / Total Equity*

Asset-to-equity ratio = *Total Assets / Total Equity*

B. RESULTS OF OPERATIONS

The Group’s consolidated operating results for the years ended December 31, 2020, 2019 and 2018 in absolute terms and expressed as a percentage of total sales are compared below:

	2020	% of Sales	2019	% of Sales	% Change 20 vs 19	2018	% of Sales	% Change 19 vs 18
Revenues	81,408,329	100%	100,795,417	100%	-19%	81,846,155	100%	23%
Cost of Services	44,512,587	55%	39,946,830	40%	11%	33,271,010	41%	20%
Gross Profit	36,895,742	45%	60,848,587	60%	-39%	48,575,145	59%	25%
Other Income	6,762,747	8%	5,420,495	5%	25%	1,224,458	1%	343%
Gross Income	43,658,489	54%	66,269,082	66%	-34%	49,799,603	61%	33%
Operating Expenses	17,139,310	21%	18,119,305	18%	-5%	6,526,490	8%	178%
Income before Income Taxes	26,519,179	33%	48,149,777	48%	-45%	43,273,113	53%	11%
Income Tax Expense	6,684,715	8%	11,265,097	11%	-41%	8,976,100	11%	26%
Net Income	19,834,464	24%	36,884,680	37%	-46%	34,297,013	42%	8%
Other Comprehensive Income		0%		0%			0%	
Total Comprehensive Income	19,834,464	24%	36,884,680	37%	-46%	34,297,013	42%	8%

Other Key Financial Ratios

Return on equity	2.44%	4.65%	8.80%
Return on total assets	2.31%	4.43%	7.91%

Notes:

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

$$\text{Return on Total Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

2020 vs 2019

Sales

The Company generated sales of Php 81.41 million for the year ended December 31, 2020, down by 19.23% year on year, this is brought about by the decrease in leasing revenue from third parties by 22.15% (Php 18.8 million) and asset management revenue from related

party by 4%(Php .6 M) in 2019.

- The asset management revenue from related in the income statements for the year ended December 31, 2020 pertain to the management of various properties located across Metro Manila and commission on every unit which will be leased out by the Company on these properties.

Costs of Services

- Costs of services for the year ended December 31, 2020 closed at Php 44.5 million, resulting in a gross profit of Php 36.9 million.

- The Company's cost of services primarily consist of depreciation, commission, salaries, wages and employee benefits, taxes and licenses and repairs and maintenance which are directly attributable to the leasing and asset management revenue of the Companies cost of services in 2020 was up to 55% of the total revenue as compared to 40% in 2019 or a cost of services increase of 11%.

Gross Profit

- The Company's gross profit has decreased to 45% of the total revenue in 2020 as compared to 60% in 2019 or decreased of Php 23.95 million in 2020.

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 17.14 million for the year ended December 31, 2020. This translates to a 21% of revenues from 18% of revenues the year prior.

Interest Income

- Interest income in 2020 represents mainly interest earned from the Company's cash and cash equivalents and short-term investments. The Company's cash and cash equivalents have earned interest income of Php 6.2 million in 2020 as compared to Php 4.6 million in 2019.

Other Income

- Other income represents Management fee earned from a related party for a fixed Management income amounted to Php 0.3 million in 2020 and 2019, gain on sale of office improvement and penalties and charges.

Income Tax Expense

- Income tax expense for the year totaled Php 6.7 million.

Net Income

- Net income for the year ended December 31, 2020 reached Php 19.83M million for a net income margin of 24%, decrease of 46% from last year's net income of Php 36.9 million for a net income margin of 37%.

2019 vs 2018

Sales

- Revenues for the year ended December 31, 2019 amounted to Php 100.7 million, an increase of 23% as compared to Php 81.8 million for the year ended December 31, 2018. The total revenue in 2019 were all earned from third parties.

Cost of Services

Costs of services for the year ended December 31, 2019 closed at Php 39.9 million, resulting in a gross profit of Php 60.8 million.

- The Company's costs of services primarily consist of depreciation, commission, taxes and licenses and repairs and maintenance which are directly attributable to the leasing revenue of the Company.

- Costs of services in 2018 were up to 41% of the total revenue as compared to 40% in 2017 or a cost of services increase of 10%.

Gross Profit

- The Company's gross profit is up to 60% of the total revenue in 2019 as compared to 59% in 2018 or an increase of Php 12.2 million in 2018.

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 18.1 million for the year ended December 31, 2019. This translates to an 18% of the revenues from 8% of revenues the year prior.

Interest Income

- Interest income in 2019 represents mainly interest earned from the Company's cash and cash equivalents. The Company's cash and cash equivalents have earned interest income of Php 4.6 million in 2019 as compared to Php 0.6 million in 2018.

Other Income

- Other income represents Management fee earned from a related party for a fixed Management income amounted to Php 0.3 million in 2019 and 2018.

Income Tax Expense

- Income tax expense for the year 2019 totaled Php 11.2 million. This consisted of current income tax totaling Php 10.2 million representing regular corporate income tax and a Php 0.9 million deferred tax. In 2018, income tax expense totaled Php 8.9 million, which consisted of Php 8.5 million current tax expense and a deferred tax asset of Php 0.4 million.

Net Income

- Net income for the year ended December 31, 2019 reached Php 36.8 million for a net income margin of 37%, a 8% increase from last year's net income of Php 34.3 million for a net

income margin of 42%.

C. Cash flows

Cash flows generated from operating activities in 2020 amounted to Php 23.41 million which is 64% lower than Php 64.6 million generated in 2019.

Net cash used in investing activities totaled Php 194.9 million in 2020 mainly due to acquisition short- term investments, investment properties and property and equipment.

Net cash generated from financing activities amounted to Php.345M Overall, net cash used for the year ended December 31, 2020 amounted to Php 169.7 million resulting to cash and cash equivalents balance of Php 282.5 million as of December 31, 2020.

Item 7. Financial Statements

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("PFRS") on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

Item 8. Information on Independent Accountant and Other Related Matters

External Audit Fees and Services

The aggregate fees billed by RS Bernaldos ("RSB.") for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2020 is P423,696.

Tax fees and all other fees

	2020	2019
Real Property Tax	3,122,900	3,265,129
Business Permits and Registrations Fees	1,128,766	941,309
Documentary Stamp Tax	2,470,176	34,359
Total	6,721,842	4,240,797

In relation to the audit of the Company’s annual financial statements, the Company’s Corporate Governance Manual, which was approved by the Board of Directors on 30 January 2019, provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. RS Bernaldos & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

Board of Directors

The overall management and supervision of the Company is undertaken by its Board of Directors. The Board of Directors is empowered to direct, manage and supervise, under its collective responsibility, the affairs of the Company. The articles of incorporation of the Company, as amended (“Articles of Incorporation”) currently provide for a Board of Directors of not more than seven (7) Directors, at least four (4) of whom must be citizens of the Philippines, and at least two (2) of whom must be independent directors. Directors are elected at the annual meeting of shareholders which is, in accordance with the Company’s by-laws, as amended (“By-Laws”), held on the second Wednesday of July of every year. The seven (7) candidates receiving the highest number of votes through cumulative voting shall be declared elected. Each elected Director has a term of office of one (1) year and is eligible for re-election the following year. Currently, the Board consists of seven (7) Directors.

The table below sets out the members of the Board of Directors as of 31 March 2021:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Restituto T. Lopez	70	Male	Filipino	Chairman/Non-exec	January 2019
Edmund G. Las	69	Male	Filipino	Director / Exec	November 2017
Augusto Pablo A. Corpus, Jr	64	Male	Filipino	Director / Exec	June 2020
Robert Ivan F. Olanday	40	Male	Filipino	Director / Exec	2017
John F. Catindig	51	Male	Filipino	Director / Exec	2017
Ignacio Salvador Gimenez, III ²	41	Male	Filipino	Director / Non-exec	January 2019

Mark Anthony C. Migallos	67	Male	Filipino	Director / Non-exec	January 2019
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Executive Officers of the Company

The executive officers (“Executive Officers”) of the Company, subject to control and supervision of the Board, collectively have direct charge of all business activities of the Company. They are responsible for the implementation of the policies set by the Board of Directors.

¹ Mr. Augusto Pablo A . Corpus, Jr appointed as President effective June 19, 2020.

² Mr. Ignacio Salvador R.Gimenez, III was appointed as the new Corporate Treasurer and Investment Relations Officer effective June 19, 2020.

The Executive Officers are appointed/elected by the Board of Directors at the organizational meeting following the stockholders’ meeting, each to hold office for a period of one year.

The table below sets out the Company’s Executive Officers as of 31 March 2021:

Name	Age	Gender	Citizenship	Position
Restituto Lopez	71	Male	Filipino	Chairman
Augusto Pablo A Corpus, Jr	64	Male	Filipino	President
John F. Catindig	51	Male	Filipino	Chief Information and Compliance Officer
Ignacio Salvador R. Gimenez 111	41	Male	Filipino	Treasurer and Investor Relations Officer
Rosa Michele C. Bagtas	47	Female	Filipino	Corporate Secretary
Eric T. Dykimching	37	Male	Filipino	Assistant Corporate Secretary

The following is a brief description of the business experience of each of the Directors and Officers:

MR. RESTITUTO T. LOPEZ, Filipino, 70 years old, joined as one of the Company’s Independent Director in January 2019. He earned from the University of the East his Bachelor of Science degree in Business Administration and Accountancy in 1972. He then obtained a Master’s degree in Management from the Asian Institute of Management in 1981 and completed the KPMG International Partner Program from Wharton School, University of Pennsylvania in 1992. He is likewise a registered auditor under the United Kingdom Act of 1985 and an accredited consultant of the Asian Development Bank. Practicing as a Certified Public Account (“CPA”) for over 30 years, Mr. Lopez has extensive experience in auditing and consultancy. Prior to joining the Company, he served as the President of Transnational Construction Corporation which is involved in the construction business, management services, and in the leasing of commercial spaces. He also served as an Independent Director of Draka Phils, Inc. from 2009 to 2012 and President and Director of KPMG Peat Marwich Management Consultants, Phils. From 1990 to 2000. He was a member of the board of trustee of the Metropolitan Club, Inc. from 1998 to 2013. Currently, he is serving as the Chairman and Senior Partner of Lopez and Co., CPAs, Vice Chairman and Partner of KPMG – Fernandez Santos & Lopez, President and Chairman of RTL Holdings, Inc., and Chairman

of LFC Solutions.net, Inc. and Spencers Landholdings, Inc.

MR. AUGUSTO PABLO A. CORPUS, JR Filipino, 64 years old, IS THE President of the Company. He was elected as President on 19 June 2020. He earned his Bachelor of Science degree in Hotel and Restaurant in 1978 from the University of the Philippines in Diliman. He then obtained a Master's of Business Administration in Management from the Texas A&M University, College Station, Texas in 1983. Mr. Corpus has almost 40-years' experience in management of restaurants, resorts, hotels and office buildings. Prior to joining the company, he served for 20 years as the Chief Executive Officer of Hotel Sogo which is involved in the construction, management and operation (including leasing of all commercial areas for rent) of the largest hotel chain in the Philippines. Mr. Corpus was key to growing the company from 3 hotels in 1994 to 41 hotels in 2019. He also served as the General Manager of the City Garden Hotel, Manila. From 1983 to 1995, he was the Vice President of Rosario Investments that constructed and operated 12 Hotels as well as managed and operated the King's Court Buildings, Makati.

MR. EDMUNDO G. LAS, Filipino, 69 years old, Director of the Company since November 2017. Prior to joining the Company, he served as a Director and Chief Executive Officer of Hotel Sogo, Inc. for 24 years and a director of Eurotel hotel chain. A previous banker, he has accumulated 40 years' experience in the hotel and lodging industry. He is presently the President of Edsa I Real Estate Corporation, Las Tuazon and Sons Realty, Inc., Golden Quick Food, Inc., Dormsuites, Inc., Manhattan Residences, Inc., Northwalk Inn, Inc., and Hilton House, Inc. Mr. Las is the head of the Company's Business Development Division and has been very instrumental in the Company's expansion of its business, particularly in negotiating and managing the Company's acquisitions. He attended Notre Dame University Cotabato from 1969 to 1972 and Polytechnic University of the Philippines from 1972 to 1974.

³ Mr. Edmund G. Las resigned as President and was replaced by Mr. Augusto Pablo A. Corpus, Jr. effective June 19, 2020.

⁴ Mr. Jason Romeo C. Valderrama resigned as Managing Director effective June 19, 2020.

⁵ Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective June 19, 2020.

MR. ROBERT IVAN F. OLANDAY, Filipino, 40 years old, has been the Company's Director since 2017. He is currently serving as the Corporate Secretary of Surprise Inc., Treasurer of We Serve 24 Hrs Inc. and EuroCapital Land, Inc., and Vice President for Finance and Authorized Managing Officer of New City Builders, Inc. He is also a director in LUC Foods, Inc. and Great Freshness Inc. He attended Thames International School in 2002.

MR. JOHN F. CATINDIG, Filipino, 51 years old, has served as a Director of the Company since 2017 and is also the Chief Information and Compliance Officer of the Company. He used to work as the Support Operation of Metropolitan Bank and Trust Company from 1991 to 1994 and Account Support of Zuellig Group of Companies from 1994 to 1996. At present, he is the General Manager of Drugcheck Philippines, Inc. and Associated Person/Compliance Officer of IB Gimenez Securities, Inc. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas in 1991. He also completed trainings on Anti-Money Laundering and Principle of Risk Management, The Net Capital and Risk board Capital Adequacy Requirements conducted by the PSE in 2010 and SEC in 2006, respectively.

IGNACIO SALVADOR GIMENEZ, III, Filipino, 41 years old, was elected director of the Company in

9 January 2019 and also a Treasurer and Investor Relations Officer of the company . He is currently the President of I.B. Gimenez Securities, Inc.; Managing Director of J. Rosario Foods Corp. (a Jollibee franchisee); and Vice President for business development of China Philippines United Enterprises, Inc. Mr. Gimenez has a master's degree in strategic marketing from the University of Greenwich. He obtained a Bachelor of Arts in International Business (with Mandarin Chinese) from European Business School, London and Nanjing University, China. Mr. Gimenez is a member of JCI Manila and The Tower Club since 2010 and 2012, respectively.

MR. MARK ANTHONY C. MIGALLOS, Filipino, 66 years old, joined as one of the Independent Directors of the Company in January 2019. He previously worked for PruLife UK as the Vice President General Agencies from 1998 to 2018. He also worked for Insular Life as the Senior Assistant Vice President for Metro Manila Sales from 1983 to 1997. He obtained his Bachelor of Arts degree in English from the University of the Philippines in 1976. In 2007, he obtained his Master's degree in Business Administration from the Ateneo de Manila University.

ATTY. Rosa Michele C. Bagtas, Filipino, 47 years old, is the Corporate Secretary of the Company. She was elected as Corporate Secretary on 25 September 2020. She graduated with a degree of Bachelor of Science Major in Legal Management from the Ateneo de Manila University in 1994. She also earned her Juris Doctor degree from the Ateneo Law School in 1998. Atty Bagtas is currently a Senior Partner at Cruz marcelo & Tenefracia, where she heads the Property Development and Immigration Practice Groups. Ms. Bagtas has handled a wide range of commercial or corporate transactions, including mergers and acquisitions, joint ventures, foreign investments, tax and immigration matters, among others. Atty. Bagtas has extensive experience as Corporate Secretary of various private corporations and in handling corporate governance issues.

ATTY. ERIC T. DYKIMCHING, Filipino, 37 years old, is the Assistant Corporate Secretary of the Company. He was elected as Assistant Corporate Secretary on 25 September 2020. He graduated with a degree of Bachelor of Science Major in Legal Management from De La Salle University in 2004. He obtained his Juris Doctor degree from Ateneo Law School in 2008. Mr. Dykimching is also a Certified Public Accountant since 2013. He earned his Bachelor of Science in Accountancy from La Consolacion College Manila in 2011. Mr. Dykimching is a Senior Associate at Cruz Marcelo and Tenefracia. His practice areas include infrastructure, transport and public utilities ,corporate and commercial law ,tax mergers and acquisitions, strategic and developmental projects, property development, and real estate transactions.

Principal Owners, Key Officer, and Significant Employees

The principal owners and directors of the Company will be subject to the lock-up requirement under the PSE rules. As existing shareholders of the Company, the principal owners and directors are restrained from selling, assigning, encumbering or in any manner disposing their shares for a period of one (1) year after the listing of such shares. The principal owners intend to remain with the Company. Any change in control of the Company will be subject to the tender offer rule under the Securities Regulation Code.

Mr. Augusto Pablo A. Corpus, Jr. , the President of the Company, was the chief negotiator and chief business development officer of the Company. Mr. Corpus reported to the Board of Directors of the Company. He was also required to procure approval of the Board of Directors (which includes independent directors) approval and/or shareholders' approval consistent with

the requirements of the Revised Corporation Code of the Philippines. The Company also has in place a Related Party Transaction Committee and an Audit Committee to oversee certain decisions and functions of Mr. Corpus as President.

Family Relationship among Directors and Officers

Mr. Robert Ivan F. Olanday, the Corporate Secretary and a Director of the Company, is the son of Mr. Roberto B. Olanday, the beneficial owner of the shares held by We Serve 24 Hours, Inc. and EuroCapital Pte. Ltd.

Mr. Ignacio Salvador Gimenez, III, a Director of the Company, is the son of Mr. Ignacio B. Gimenez, the beneficial owner of the shares held by Crown Castle Holdings.Com, Inc.

Other than the ones disclosed, there are no other family relationships known to the Company.

Involvement of the Company, the Directors and Executive Officers in Certain Legal Proceedings

The Company has no pending lawsuits in connection with the ordinary course of its business. Neither has the Company been subject to any order, judgment or decree, or violated any securities or commodities law, nor has been involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on its financial condition, nor, so far as it is aware, is any such proceeding pending or threatened.

To the best knowledge and/or information of the Company, the current Directors and the Executive Officers are not, presently or during the last five (5) years, involved or have been involved in any material legal proceeding adversely affecting or involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere.

Item 10. Executive

Compensation Summary

Compensation Table

Information as to the aggregate compensation for the years ended 31 December 2020 and 2019 paid to the Company's Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors as a group, as well as the estimated aggregate compensation for the ensuing year are as follows:

				Other Annual
Name and Principal Position	Year	Salary(P)	Bonus (P)	Compensation
Total- President and Four Most Highly Compensated	2019	2,898,564		58,547
Executive Officer	2020	3,508,442		
	2021(estimate)	3,420,000		
All other officers and named directors as group	2019	138,000	11,500	590,000
	2020	1,323,108		1,100,000

	2021(estimate)	429,981		900,000
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Compensation of Directors and Executive Officers

In 2020, the compensation of key management personnel amounted to approximately P3.5 million. This is mainly composed of salaries and other short-term employee benefits.

While back-office functions (accounting, HR, IT and similar functions) are outsourced to Global O, the core business operations of KPPI (leasing and asset management) are handled by its senior officers and employees. Hence, the compensation to be paid to officers covers their respective salaries from KPPI for performing these functions.

The By-Laws of the Company provide that by resolution of the Board, each Director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. On 9 January 2019, the Board approved that each Director shall receive twenty-five thousand (₱25,000.00) as per diem for each meeting of the Board of Directors and fifteen thousand (₱15,000.00) as per diem for each meeting of the Board committees.

Except for the foregoing standard arrangement, the directors do not receive any other fees, bonuses and allowances from the Company. Aside from the said amounts, the directors have no other compensation plan or arrangement with the Company.

The executive officers receive salaries, bonuses and other usual benefits that are included in the amounts stated above.

On the Meeting of the Board last Nov. 13, 2020, it was approved that the per diem of the directors will be P5,000 for the BOD meeting and P3,000 for special meeting. Except for the Independent Auditor, the per diem will still be the same.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Employees of the company are covered by standard employment contracts. Other than the foregoing, the Company is not aware of any other employment contract or change-in-control arrangement and there are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants or options to subscribe to common shares of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2021, the following are the owners of the Issuer's common stock in excess of 5% of total outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Owner (Direct)	Name of Beneficial Owner (Indirect)	Citizenship	No. of Shares Held	% Ownership
Common	CROWN CASTLE HOLDINGS.COM, INC., 3F New Rosario Ortigas Arcade, Rosario Pasig City, Parent of the Issuer	CROWN CASTLE HOLDINGS.COM, INC.	Filipino	75,590,090	37.60
Common	PCD NOMINEE CORP. (FILIPINO) 29 th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	I.B. GIMENEZ SECURITIES, INC., PCD Participant	Filipino	52,820,007	26.27
Common	WE SERVE 24 HOURS, INC., 501 Topaz Building, 101 Kamias Road, Quezon City	WE SERVE 24 HOURS, INC.	Filipino	34,310,390	17.06
Common	EURO CAPITAL PTE. LTD., 238 Orchard Boulevard, #19-07, The Orchard Residences, Singapore	EURO CAPITAL PTE. LTD.	Filipino	16,082,980	7.99

Security Ownership of Management as of March 31, 2021

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Directors				
Common	Restituto T. Lopez	1 (direct)	Filipino	0.00
Common	Edmund G. Las	10 (direct)	Filipino	0.00
Common	Augusto Pablo A. Corpus, Jr	10 (direct)	Filipino	0.00
Common	Robert Ivan F. Olanday	10 (direct)	Filipino	0.00
Common	John F. Catindig	10 (direct)	Filipino	0.00
Common	Ignacio Salvador Gimenez, III	10 (direct)	Filipino	0.00
Common	Mark Anthony C. Migallos	1 (direct)	Filipino	0.00

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any arrangement which may result in a significant change in control.

Item 12. Certain Relationships and Related Transactions

For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from related parties and the income and expenses relating to related party transactions, see Note 13 to the Company's audited financial statements as of and for the years ended 31 December 2020 and 2019.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

Reports on Sec Form 17-C Filed During the Last Six-Month Period Covered By This Report

Date	Disclosure
August 05, 2020	Notice of Annual Stockholder's Meeting
August 13, 2020	(Amend-1)Notice of Annual Stockholder's Meeting
September 01, 2020	Material Information/Transaction(Result of the Special Board Meeting
September 01, 2020	Change in Directors and /or Officers (Resignation /Removal or Appointment/ Election
September 01, 2020	Change in External Auditors
September 09, 2020	Results of Annual or stockholder's Meeting
September 28, 2020	Results of Organizational Meeting of Board of Directors
October 13, 2020	Material Information/Transaction(Comprehensive Report on Progress Report on Business Plan as of September 30, 2020)
November 16, 2020	Material Information/Transaction(Special Board Meeting)
December 23, 2020	Material Information/Transaction(Termination of Asset Management
	Agreement effective December 31, 2020)

PART V. EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits.

Other than index to the Audited Financial Statements of the Company as at and for the years ended December 31, 2020 and 2019 including supplementary schedules, the Company has no other exhibits pertinent to this report.

Reports on SEC Form 17-C.

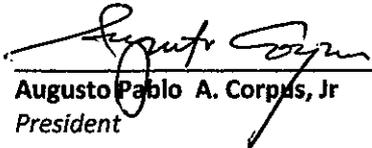
The following is a summary of submissions of SEC Form 17-C filed during the year 2020:

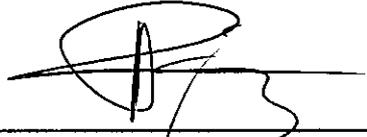
Date	Items Reported
August 05, 2020	Notice of Annual Stockholder's Meeting
August 13, 2020	(Amend-1)Notice of Annual Stockholder's Meeting
Sep 01, 2020	Material Information/Transaction(Result of the Special Board Meeting
Sep 01, 2020	Change in Directors and /or Officers (Resignation /Removal or Appointment/ Election
Sep 01, 2020	Change in External Auditors
Sep 09, 2020	Results of Annual or stockholder's Meeting
Sep 28, 2020	Results of Organizational Meeting of Board of Directors
Oct 13, 2020	Material Information/Transaction(Comprehensive Report on Progress Report on Business Plan as of September 30, 2020)
Nov 16, 2020	Material Information/Transaction(Special Board Meeting)
Dec 23, 2020	Material Information/Transaction(Termination of Asset Management Agreement effective December 31, 2020)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MANILA on APR 16 2021, 2021.

By:


 Augusto Pablo A. Corpus, Jr
 President


 Ignacio Salvador R. Gimenez 111
 Treasurer


 Rosa Michele C. Bagtas
 Corporate Secretary


 Robert Ivan F. Olanday
 Director


 John F. Catindig
 Chief Compliance Officer

APR 16 2021

SUBSCRIBED AND SWORN to before me this _____ affiants exhibiting to me their proofs of identity, as follows:

Names	Proof	No.	Date of issue	Place of Issue
Augusto Pablo A. Corpus, Jr	Passport	P0516594A	05 OCT 2016	DFA Manila
Ignacio Salvador R. Gimenez	Passport	P8077208A	25 JUL 2018	DFA Manila
Rosa Michele C. Bagtas	Passport	EC8246318	08 JUL 2016	DFA Manila
Robert Ivan F. Olanday	Passport	P3531332B	15 OCT 2019	DFA NCR East
John F. Catindig	Driver's License	N02-99-404028	30 Mar 2017	LTO-P. Tuazon, QC

Doc No. 119
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 Book No. 111
 Series of 2021.


ATTY. HENRY D. ADAS
 NOTARY PUBLIC CITY OF MANILA
 UNTIL DECEMBER 31, 2021
 NOTARIAL COMMISSION 2020-097 MIA
 IBP NO. 141253 - 01/04/2021, PASIG
 PTR NO. 9826148 - 01/05/2021 MIA
 ROLL NO. 29679, TIN: 172-528-620
 MCLE COMPL. NO. VII-0000165
 HUMAN RESOURCE DEVELOPMENT CENTER, B-2, UNIT 302