NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company") will be held on **17 August 2021** at **8:00 AM**, to be conducted at **Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave., Makati City** and participation will only be by remote communication through the following link: [_____], with the following agenda:

1. Call to Order
2. Proof of Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Previous Annual Stockholders' Meeting
4. President's Report on Operations
5. Ratification of the acts of the Board of Directors and its committees, officers and management
6. Appointment of External Auditor
7. Election of Directors
8. Other matters
9. Adjournment

Stockholders of record as of **03 August 2021** will be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

To conform with the government's regulation on social distancing and prohibition on mass gatherings, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in *absentia,* or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of 04 August 2021 until 5:00 PM of 07 August 2021. The procedures for participation via remote communication and in *absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of 07 August 2021 by email to asm2021@kepwealth.com. Validation of proxies shall be held on 12 August 2021. A sample proxy form will be enclosed in the Information Statement for your convenience. We are not soliciting your proxies.

The Definitive Information Statement and other related documents may be accessed and downloaded from the Company's website [https://kepwealth.com/].

Makati City, Philippines, 27 July 2021.

Rosa Michele C. Bagtas

ROSA MICHELE C. BAGTAS
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The meeting will be formally opened at approximately 8:00 in the morning.

2. Proof of Notice of the Meeting and Determination of a Quorum

The Corporate Secretary will certify that: 1) the stockholders of record were duly notified of the meeting by way of publication of the Notice of Meeting, including the date of publication and the newspapers where the notice was published, and 2) stockholders representing at least a majority of the outstanding capital stock are present in person or by proxy and, therefore, a quorum exists for the transaction of business.

3. Approval of the Minutes of the Previous Stockholders Meeting

The draft of the minutes of the previous stockholders meeting is available at the Company's website, https://kepwealth.com.

4. President's Report on Operations

The President shall report on the Company's performance in 2020 and outlook for 2021.

5. Ratification of the acts of the Board of Directors and its committees, officers and management

Ratification of the acts of the Board of Directors and its committees, officers and management of the Company since the last annual stockholders' meeting up to the current stockholders' meeting, as duly recorded in the corporate books and records of the Corporation, will be requested. A summary of these acts will be contained in the Definitive Information Statement.

6. Appointment of External Auditor

The Company's external auditor, as recommended by the Audit Committee, will be nominated for reappointment for the current fiscal year.

7. Election of Directors

The nominees for election as members of the Board of Directors, including independent directors, will be presented to the stockholders. The Corporate Governance Committee of the Board has evaluated and determined that the seven (7) nominees for directors, including the nominees for independent directors, have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board.

The profiles of the candidates to the Board of Directors will be in the Definitive Information Statement. The members of the Board of Directors of the Corporation shall be elected by plurality vote, with cumulative voting allowed.

8. Other matters

The Chairman will answer certain questions previously submitted by the stockholders. The Chairman will decide whether matters raised by the stockholders may be properly taken up in the meeting or in another proper forum.

9. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

SAMPLE PROXY
KEPWEALTH PROPERTY PHILS., INC.
2021 STOCKHOLDERS' MEETING

The undersigned, a stockholder of common shares of **KEPWEALTH PROPERTY PHILS., INC**. (the "Company"), hereby nominates, constitutes, and appoints _____, or in his absence, the Chairman of the meeting, as Proxy of the undersigned, and vote the number of shares indicated below, at the Annual Stockholders' Meeting of the Company to be held on **07 August 2021** and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Items No.	Subject	**Action**		
		For	Against	Abstain
3.	Approval of Minutes of the Previous Annual Meeting			
5.	Ratification of Acts and Resolutions of the Board of Directors and its committees, officers and management			
6.	Appointment of External Auditor			
	For the election of directors, you shall have a total number of votes equal to your number of shares multiplied by 7, which you may distribute in any manner among the nominees for election.			
7.	Election of Directors	No. of Votes	=	number of shares x 7
	a. Restituto T. Lopez – Independent Director			
	b. August Pablo A. Corpus, Jr.			
	c. Edmundo G. Las			
	d. Robert Ivan F. Olanday			
	e. Ignacio Salvador Gimenez III			
	f. John F. Catindig			
	g. Mark Anthony C. Migallos – Independent Director			

_____ _____ _____
PRINTED NAME OF STOCKHOLDER AUTHORIZED SIGNATORY
NUMBER OF SHARES

THIS PROXY SHOULD BE SUBMITTED ON OR BEFORE 5:00 PM OF 07 AUGUST 2021 BY EMAIL TO asm2021@kepwealth.com.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter **KEPWEALTH PROPERTY PHILS., INC.**

3. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **CS200516361**

5. BIR Tax Identification Code **242-186-710-000**

6. **Unit 1J01-23 Burgundy Corporate Tower**
   252 Sen. Gil Puyat Ave., Makati City, Metro Manila **1200**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(+632) 7978 5080**

8. **17 August 2021, 8:00 AM**
   Unit 1J01-23 Burgundy Corporate Tower
   Sen. Gil Puyat Ave., Makati City, Metro Manila
   Participation by remote communication only thru the following link: [_____]
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   27 July 2021

10. ***In case of Proxy Solicitations: N/A – We are not soliciting your proxies***

Name of Person Filing the Statement/Solicitor:_____

Address and Telephone No.:_____

11. Securities registered pursuant to Section 12 of the Securities Regulation Code (information on number of shares and amount of debt is applicable only to corporate registrants):

    Title of Each Class Number of Shares of Common Stock

	Outstanding or Amount of Debt Outstanding
COMMON	**201,057,609**

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ___✓____ No _____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
PHILIPPINE STOCK EXCHANGE – COMMON SHARES

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

(a)	Date of Meeting	:	**17 August 2021**
	Time of Meeting	:	**8:00 AM**
	Place of Meeting	:	**Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave. Makati City, Metro Manila** **Participation by remote communication only thru the following link: [_____]**
	Complete address of the principal office of the registrant	:	**Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave. Makati City, Metro Manila**
	Complete mailing address	:	**Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave. Makati City, Metro Manila**
(b)	Approximate date on which copies of the information statement are first to be sent or given to security holders	:	**27 July 2021**

Item 2. **Dissenters' Right of Appraisal**

There is no proposed corporate action or matter that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; (3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure

to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director of officer of the Company, nor nominee for election as a director of the Company, nor associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than election to office.

No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

As of 30 June 2021, the Company has 201,057,609 common shares outstanding and each share is entitled to one (1) vote.

All shareholders on record of the Company's common shares as of 03 August 2021, will be entitled to notice of, and to vote at, the Meeting.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders will participate in the Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 11 August 2021. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2021 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the live stream for the 2021 ASM.

Each common share entitles the person in whose name it is registered in the books of the Company to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among

as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of 30 June 2021:

Title of Class	Name, Address of Record Owner and Relationship with Issuer (Direct)	Citizenship	No. of Shares Held	% Ownership
Common	CROWN CASTLE HOLDINGS.COM, INC., 3F New Rosario Ortigas Arcade, Rosario, Pasig City, Parent of the Issuer	Filipino	75,590,090	37.596
Common	PCD NOMINEE CORP. (FILIPINO), 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	Filipino	66,832,597	33.241
Common	WE SERVE 24 HOURS, INC., 501 Topaz Building, 101 Kamias Road, Quezon City	Filipino	34,310,390	17.065
Common	EURO CAPITAL PTE. LTD., 238 Orchard Boulevard, #19-07, The Orchard Residences, Singapore	Filipino	16,082,980	7.999

The Board of Directors of the record owners has the right to appoint its proxy to vote for the shares.

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Security ownership of management as of 30 June 2021

The ownership of the Directors and Executive Officers of the Company's capital stock is presented below.

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	Augusto Pablo A. Corpus, Jr.[1]	10 (direct) 297,890 (indirect)	Filipino	0.15
Common	Edmundo G. Las	10 (direct)	Filipino	0.00
Common	Robert Ivan F. Olanday	10 (direct)	Filipino	0.00
Common	John F. Catindig[2]	10 (direct)	Filipino	0.00
Common	Ignacio Salvador Gimenez, III[3]	10 (direct)	Filipino	0.00

[1] Mr. Augusto Pablo A. Corpus, Jr. was elected as President effective 19 June 2020.

[2] Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective 19 June 2020.

Common	Mark Anthony C. Migallos	1 (direct)	Filipino	0.00
N/A	Rosa Michele C. Bagtas	-	Filipino	0.00
N/A	Eric T. Dykimching	-	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

As of the date of this report, there are no arrangements which may result in a change in control of the Company.

Item 5. **Directors and Executive Officers**

Currently, the BOD consists of seven (7) members, of which two (2) are independent directors. All of the directors were elected by the stockholders of KPPI at the last stockholder's meeting held on 09 September 2020, and will hold office until the next succeeding annual stockholders' meeting and until their respective successors have been elected and qualified.

The names of the directors and officers of the Company, and their respective ages, citizenships, terms and periods of service, directorships in other reporting companies and positions held in the last five (5) years, as of 30 June 2021, are as follows:

Name	Age	Citizenship	Position	Date First Elected
Restituto T. Lopez	71	Filipino	Chairman, Independent Director	January 2019
Augusto Pablo A. Corpus, Jr.[1]	64	Filipino	President	June 2020
Edmundo G. Las	69	Filipino	Director	November 2017
Robert Ivan F. Olanday	40	Filipino	Director, Corporate Secretary	2017
John F. Catindig[2]	51	Filipino	Director, Chief Information Officer and Compliance Officer	2017
Ignacio Salvador Gimenez, III[3]	41	Filipino	Director, Treasurer and Investment Relations Officer	January 2019
Mark Anthony C. Migallos	66	Filipino	Independent Director	January 2019
Rosa Michele C. Bagtas	47	Filipino	Corporate Secretary	August 2020
Eric T. Dykimching	37	Filipino	Assistant Corporate Secretary	September 2020

MR. RESTITUTO T. LOPEZ, Filipino, 71 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

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

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 trustees 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 Management in 1978 from the University of the Philippines 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 1999 to 41 hotels in 2019. He also served as the General Manager of Montevista Resorts and Convention Center from 1997 to 1999. From 1995 to 1997, Mr. Corpus was the General Manager of 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, was the former President of the Company until June 2020 and has been a 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., Northwork 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.

MR. ROBERT IVAN F. OLANDAY, Filipino, 40 years old, has been a 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 Officer and Chief Compliance Officer of the Company. He used to work in 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.

MR. IGNACIO SALVADOR GIMENEZ, III, Filipino, 41 years old, was elected director of the Company on 09 January 2019 and as Treasurer and Investment Relations Officer on 19 June 2020. 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 28 August 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. Ms. Bagtas is currently a Senior Partner at Cruz Marcelo & Tenefrancia, 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. Ms. Bagtas has extensive experience in acting 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 Partner at Cruz Marcelo & Tenefrancia. 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.

Procedure for Nomination and Election of Independent Directors

Pursuant to Article III, Section 9 of the Company's By-Laws, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.

2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.

3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Securities and Exchange Commission (hereinafter, the "Commission") and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.

4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.

6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.

7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee, composed of Mark Anthony C. Migallos as Chairman, Restituto T. Lopez and Robert Ivan F. Olanday as members, accepts nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Restituto T. Lopez – Independent Director
2. Augusto Pablo A. Corpus, Jr.
3. Edmundo G. Las
4. Robert Ivan F. Olanday
5. Ignacio Salvador Gimenez III
6. John F. Catindig
7. Mark Anthony C. Migallos – Independent Director

Independent Directors

This year's nominees for directors include two (2) persons who qualify as independent directors. Mr. John F. Catindig nominated incumbent independent director, Restituto T. Lopez, for another term, while Mr. Robert Ivan F. Olanday nominated incumbent independent director, Mark Anthony C. Migallos. Messrs. Catindig and Lopez, and Migallos and Olanday are not related by consanguinity or affinity up to the fourth civil degree.

Significant employees

Aside from Mr. Augusto Pablo A. Corpus, Jr., President, there are no other officers or employees which the Company expects to individually make a significant contribution to the business.

Family relationships

Mr. Robert Ivan F. Olanday, 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 Euro Capital Pte. Ltd.

Mr. Ignacio Salvador Gimenez, III, a Director, Treasurer and Investment Relations Officer 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 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.

Certain Relationships and Related Transactions

Please refer to Note 14, Related Party Disclosures, to the 2020 Audited Consolidated Financial Statements attached hereto as Annex B.

Disagreement with the Company

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices,

Item 6. **Compensation of Directors and Executive Officers**

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:

Name and principal position	Year	Salary (P)	Bonus (P)	Other Annual Compensation

Total – President and four most highly compensated executive officer	2019	2,898,564	-	58,547.00
	2020	3,508,442	-	-
	2021 (estimate)	3,420,000	-	-
All other officers and named directors as a group	2019	138,000	11,500	590,000.00
	2020	1,323,108	-	1,100,000
	2021(estimate)	429,981	-	900,000

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 the Company (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 the Company 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 Pesos (P25,000.00) as per diem for each meeting of the Board of Directors and Fifteen Thousand Pesos (P15,000.00) as per diem for each meeting of the Board committees. However, in the Special Board Meeting held on 13 November 2020, the Board of Directors resolved that the per diem of its Executive and Non-Executive Directors (excluding Independent Directors) will be reduced to Five Thousand Pesos (P5,000.00) per Board Meeting and Three Thousand Pesos (P3,000.00) per Committee meeting effective 01 November 2020.

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.

Employment contracts and termination of employment and change-in-control arrangements

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 7. **Independent Public Accountants**

The Board of Directors of the Company, in consultation with the Audit Committee, composed of Restituto T. Lopez as Chairman and Mark Anthony C. Migallos and Ignacio Salvador Gimenez III as Members, will recommend to the stockholders the reappointment of R.S. Bernaldo & Associates as external auditors of the Company for fiscal year 2021.

The Company's fiscal year begins on 01 January and ends on 31 December of each year. .S. Bernaldo & Associates has audited and rendered an unqualified audit report on the Group's consolidated financial statements as of and for the years ended 31 December 2019 and 2020. Rean G. Abalos is the current audit partner for the Company and has served as such since 2020.

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. R.S. Bernaldo & Associates 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.

Representatives of R.S. Bernaldo & Associates are expected to be present at the stockholders' meeting and have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The following table sets out the aggregate fees for 2020 and 2019 for professional services rendered by R.S. Bernaldo & Associates and Reyes Tacandong & Co.:

	2020	2019[4]
Audit fees	501,250.00	1,173,250.00
Legal fees	229,512.00	435,384.00
IPO related professional fees	2,049,527.00	5,253,380.61
Other professional fees	-	109,943.00
TOTAL	2,780,289.00	6,971,957.61

Tax fees and all other fees

	2020	2019
Real property tax	3,122,900	3,265,129
Business permits and registration 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 Amended Corporate Governance Manual and Revised Audit Committee Charter, which were approved by the Board of Directors on 13 November 2020, 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.

Item 8. **Compensation Plans**

[4] The external auditor of the Company for the year 2019 is Reyes Tacandong & Co.

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. **Modification or Exchange of Securities**

No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

Not applicable as no action is to be taken with respect to any matter specified in Items 9 or 10.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken with respect to any transaction involving the following:

(1) the merger or consolidation of the registrant into or with any other person or of any other person into or with the registrant;

(2) the acquisition by the registrant or any of its security holders of securities of another person;

(3) the acquisition by the registrant of any other going business or of the assets thereof;

(4) the sale or other transfer of all or any substantial part of the assets of the registrant; or

(5) the liquidation or dissolution of the registrant,

Item 13. **Acquisition or Disposition of Property**

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. **Restatement of Accounts**

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

The Minutes of the Annual Meeting of stockholders held on 09 September 2020 (the "Minutes") will be submitted to the stockholders for approval. The Minutes will refer to the adoption of stockholder's resolutions pertaining to the following matters: approval of the Minutes of the

previous stockholders meeting, approval of financial statements, ratification of the acts of the Board of Directors, Board Committees, and Management, appointment of external auditor, and election of directors.

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

Item 16. **Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. **Amendment of Charter, By-laws or Other Documents**

No action is to be taken with respect to any amendment of the Company's charter, by-laws or other documents.

Item 18. **Other Proposed Action**

The stockholders will be asked to ratify all resolutions of the Board of Directors and its committees, officers and management adopted since the last annual stockholders' meeting up to the current stockholders' meeting.

These include, but not limited:

1. appointment of representatives and a Chart of Authorities;
2. election of officers;
3. setting the date of the annual stockholders meeting; and,
4. other similar activities of the company.

Item 19. **Voting Procedures**

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be at least two (2) independent directors in the Company's board of directors. Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by 7.

There will be seven (7) persons to be elected to the Company's board of directors, including two (2) independent directors. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation, if necessary, by representatives of R.S. Bernaldo & Associates as external auditors of the Company.

Stockholders may cast their votes by remote communication or in *absentia,* or by proxy. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to Annex "A" on the Procedures and Requirements for Voting and Participation in the 2021 ASM for complete information on voting via

remote participation or voting in absentia, as well as on how to join the livestream for the 2021 ASM.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 09 July 2021.

KEPWEALTH PROPERTY PHILS., INC.

By:

Rosa Michele C. Bagtas

ROSA MICHELE C. BAGTAS
Corporate Secretary

MANAGEMENT REPORT
AS REQUIRED BY SRC RULE 20

PART 1 - BUSINESS AND GENERAL INFORMATION

BUSINESS

Overview

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 counselling, 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 (8,502,000) 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 Commission for such reclassification of shares as described above.

On 7 March 2019, the Commission 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.

A. 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 have 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.

Due to the COVID 19 pandemic, the Asset Management Contract for Atrium Mall was terminated on 30 June 2020, while on 30 September 2020, the Asset Management Contracts for Vivaldi Residences and Icon Macapagal were also terminated. Likewise, the Asset Management Contracts for Oxford Suites, Medical Plaza Ortigas, Burgundy Corporate Tower and Burgundy West Bay Tower were also terminated effective 31 December 2020.

Group Business Services

On 01 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.

B. Percentage of sales and net income contributed by foreign sales

The Company does not have sales or revenues and net income contributed by foreign sales for the last three (3) years.

C. Distribution method of products

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 party agents.

D. 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 sufficiently 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.

E. Competition

Competition in the real estate business is primarily driven by location. However, other factors such as 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, Santos Knight 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.

F. Sources and availability of raw materials and the names of principal suppliers

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

G. Dependency of the business is upon a single customer or a 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.

H. Transactions with and/or dependence on related parties

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 2020, the Company enjoys a 69% occupancy rate for the leasable spaces and a 73% 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 managed 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.

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 efforts to ensure high occupancy rates.
b) Screen prospective tenants in relation to the overall marketing plan and branding of the property and 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 to the Property and the implementation of the lease contracts.
i) Monitor and oversee the repair and preventive maintenance of the Property.

Due to the COVID 19 pandemic, the Asset Management Contract for Atrium Mall was terminated on 30 June 2020, while on 30 September 2020, the Asset Management Contracts for Vivaldi Residences and Icon Macapagal were also terminated. Likewise, the Asset Management Contracts for Oxford Suites, Medical Plaza Ortigas, Burgundy Corporate Tower and Burgundy West Bay Tower were also terminated effective 31 December 2020

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 was 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 22 May 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 Pesos (P1,035,156,400.00). The said insurance policy was extended until 31 July 2021. The new insurance policy is under Pioneer Your Insurance effective from 01 August 2021 until 31 July 2022 with the same amount insured. 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. ("JLL") effective from 01 June 2020 until 31 March 2021. The contract with JLL was renewed with a term starting 01 June 2021 until 31 May 2022. 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 same 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 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 of 1 to 3 years, 1.5 month gross rent for the lease term of 4 years; 2 months gross rent for a lease term of 5 years; 2.5 month gross rent for the lease term of 6 to 8 years; 3 months gross rent for the lease term of 9 years; and 4 months gross rent for a lease term of 10 years or 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 P0.9 Million. These cash advances were paid by the Company 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. Expenses arising from this agreement, on the part of the Company, amounted to P0.2 Million, P1.4 Million, and P 0.2 Million in 2017, 2018, and 2019, 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 P300,000 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 (1) 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.

FINANCIAL STATEMENTS

The Company's 2020 Audited Consolidated Financial Statements and Notes thereto, including the Statement of Management's Responsibility and Supplementary Schedules, and unaudited Interim Financial Statements of the Company as of 31 March 2021, form part of this report as **Annex "B"** hereto.

DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

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. R.S. Bernaldo & Associates 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of KEPWEALTH PROPERTY PHILIPPINES, INC.'s ("KPPI" or the "Company") recent financial condition and results of operations should be read in conjunction with KPPI's Audited Consolidated Financial Statements as of 31 December 2020 and 2019 and for each of the three years in the period ended 31 December 2020, 31 December 2019, and 31 December 2018, and notes thereto, which form part of the SEC Form 17-A as **Annex "A"**.

A. Financial Condition

The Company has total assets of P857.28 Million and P832.45 Million as of 31 December 2020 and 2019, respectively, increase of which is primarily to the results of operation.

Assets

Current Assets

- The Company has Total Current Assets of P312.02 Million and P511.14 Million as of December 31, 2020 and 2019, respectively.

- Cash and cash equivalents amounted to P282.55 Million and P452.33 Million as of December 31, 2020 and 2019, respectively. Cash and cash equivalents include unused proceeds from the 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 P15.24 Million and P7.94 Million as of 31 December 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 only of 63.70% as of 31 December 2020 down from 39% as of 31 December 2019 due to the acquisition of One San Miguel Property and investing in preferred shares of San Miguel Corporation.

- 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 P3.38 Million and P3.34 Million as of 31 December 2020 and 2019, respectively.

Liabilities

- The Company has total liabilities of P43.47 Million and P39.4 Million as of 31 December 2020 and 2019, respectively.

- Accounts and other payable comprises 89% (P39 Million) and 89% (P35 Million) of the total liabilities as of 31 December 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 P812.92 Million and P793.08 Million as of 31 December 2020 and 2019, respectively.

- On 07 March 2019, the Commission approved the Company's change in authorized capital structure from 8,800,000 common shares at P10 par value a share and 53,200,000 preferred shares at P10 par value a share to 365,000,000 common shares at P1 par value a share and 255,000,000 preferred shares at P1 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 Directors and stockholders declared stock dividends of 49,000,000 common shares P1 par value a share equivalent to P49.0 Million from the resulting increase in authorized common shares on 30 January 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the Commission.

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 shares at an offer price of P5.74 per share.

Key Performance Indicators

	31 December 2020	31 December 2019
Current ratio	**7.93:1**	14.86:1
Debt-to-equity ratio	**0.05:1**	0.05:1
Asset-to-equity ratio	**1.06:1**	1.04:1

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 31 December 2020, 2019, and 2018 in absolute terms and expressed as a percentage of total sales are compared below:

For the years ended December 31
All amounts in Philippine Peso, except percentages

	2020	% of Sales	2019	% of Sales	% Change 2020 vs 2019	2018	% of Sales	% Change 2019 vs 2018
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%**

	2020		2019		2018	
EBITDA, before one-offs	58,934,022	72	82,486,974	82	72,529,678	89
EBITDA, after one-offs	58,934,022	72	77,233,593	77	72,529,678	89
Net income, after one-offs	19,834,464	24	36,884,680	37	34,297,013	42

Other Key Financial Ratios

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

Notes:
Return on Equity = *Net Income / Total Equity*
Return on Total Assets = *Net Income / Total Assets*

2020 vs 2019

Sales

The Company generated sales of P81.41 Million for the year ended 31 December 2020, down by 19.23% year on year. This is brought about by the decrease in leasing revenue from third parties by 22.15% (P18.8 Million) and asset management revenue from related party by 4% (P0.6 Million) in 2019.

The asset management revenue from related party in the income statements for the year ended 31 December 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 31 December 2020 closed at P44.5 Million, resulting in a gross profit of P36.9 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 Company's 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 a decrease of P23.95 Million in 2020.

Operating expenses

Operating expenses, composed of general and administrative expenses, amount to P17.14 Million for the year ended 31 December 2020. This translates to 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 P6.2 Million in 2020 as compared to P4.6 Million in 2019.

Other Income

Other income represents Management fees earned from a related party for a fixed Management income amounted to P0.3 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 P6.7 Million.

Net Income

Net income for the year ended 31 December 2020 reached P19.83 Million for a net income margin of 24%, which decreased by 46% from last year's net income of P36.9 Million for a net income margin of 37%.

2019 vs 2018

Sales

Revenues for the year ended 31 December 2019 amounted to P100.7 Million, an increase of 23% as compared to P81.8 Million for the year ended 31 December 2018. The total revenue in 2019

was earned from third parties.

Cost of Services

Costs of services for the year ended 31 December 2019 closed at P39.9 Million, resulting in a gross profit of P60.8 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 P12.2 Million in 2018.

Operating expenses

Operating expenses, composed of general and administrative expenses, amounting to P18.1 Million for the year ended 31 December 2019. This translates to 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 P4.6 Million in 2019 as compared to P0.6 Million in 2018.

Other Income

Other income represents Management fee earned from a related party for a fixed Management income amounted to P0.3 million in 2019 and 2018.

Income Tax Expense

Income tax expense for the year 2019 totaled P11.2 Million. This consisted of current income tax totaling P10.2 Million representing regular corporate income tax and a P0.9 Million deferred tax. In 2018, income tax expense totaled P8.9 Million, which consisted of P8.5 Million current tax expense and a deferred tax asset of P0.4 Million.

Net Income

Net income for the year ended 31 December 2019 reached P36.8 Million for a net income margin of 37%, an 8% increase from last year's net income of P34.3 Million for a net income margin of 42%.

B. Cash flows

Cash flows generated from operating activities in 2020 amounted to P24.8 Million which is 62% lower than P64.6 Million generated in 2019. This is primarily attributable to the purchase of One San Miguel Property and investment in preferred shares of San Miguel Corporation.

Net cash used in investing activities totaled P194.9 Million in 2020 mainly due to acquisition short-term investments, investment properties and property and equipment.

Net cash generated from financing activities amounted to P.345 Million Overall, net cash used for the year ended 31 December 2020 amounted to P169.7 Millionresulting to cash and cash equivalents balance of P282.5 Million as of 31 December 2020.

Interim Period

1. FINANCIAL CONDITION

As of 31 March 2021 compared to as of 31 December 2020

The total assets of the Company increased by P3.7 million or by 0.43% from 31 December 2020.

Material changes in asset accounts are analyzed as follows:

a. The net increase in cash and cash equivalents of P7.0 Million (2%) is mainly due to the cash inflows for the collections of receivables and decrease in other noncurrent assets of P5.8 Million mainly pertaining to the increase in life of investment properties. This was offset by cash inflows from proceeds of matured short-term investments of P50.3 Million and net cash provided by operating activities of P12.4 Million.

b. The increase in trade and other receivables by P1.7 Million (11%) is due to increase in trade receivables from leasing operations.

c. Other current assets increased by P.07 Million (6%) is mainly due to the current portion of deferred input VAT on the acquisition on investment in properties.

d. Net decrease in investment properties of P-5.7 Million (-1%) is due to amortization for the year.

e. Net decrease of P89.0 Thousand (-4%) in property and equipment is due to amortization for the year.

f. No movement in other non-current asset.

The total liabilities of the Company increased by P2.5 Million (6%) due primarily to advance rentals and security deposit and accruals of expenses for the quarter.

Total equity stood at P814 Million as of 31 March 2021 compared to P813.0 Million as of 31 December 2020, an increase by P1.2 Million (0.14%) representing the net income for the quarter.

The movements in the Company's retained earnings account represents the net income recognized during the three-month period ended 31 March 2021 amounting to P1.2 Million.

Relevant financial ratios related to the Company's financial position are liquidity ratio, solvency ratio, debt-to-equity ratio and asset-to-equity ratio.

The Company's liquidity ratio decreased to 7.66:1 as at 31 March 2021 from 7.91:1 as at 31 December 2020 due mainly to termination of asset management segment.

The solvency ratio decreased to 0.22:1 as of 31 March 2021 from 1.37:1 as of 31 December 2020 due to the increased accruals as at period-end.

The debt-to-equity ratio increased to .06:1 as of 31 March 2021 from .05:1 as of 31 December 2020.

The asset-to-equity ratio remained the same 0.95:1 as of 31 March 2021 and 31 December 2020.

2. RESULTS OF OPERATIONS

For the three (3)-month Period Ended 31 March 2021 Compared to for the three (3)-month Period Ended 31 March 2020

The Company generated a total of P14.6 Million in revenues from its business segments for the three-month period ended 31 March 2021 which is P10.5 Million (-42%) lower than the revenue generated for the same period in the prior year, mainly attributed to the termination of the Asset management segment.

Consequently, gross income is lower by P10.0 Million (-68%). The total comprehensive income of the Company for the three-month period ended 31 March 2021 registered at P1.2 Million which is P18.7 Million (-94%) lower than that of the previous year for the same period.

Key factors to the changes of the items above are as follows:

a. Revenue decreased mainly as a result of termination of asset management operations of the Company which commenced on January 2021.

b. Cost of services decreased by P.5 Million (-5%) due to the decrease in commission recognized from amortization of initial leasing costs and the incurrence of salaries and employee benefits.

c. General and administrative expenses increased by P.1 Million (2%). This increase mainly attributed payment of Professional Fees, Salaries and Other Employee Benefits and Contracted Services.

d. Interest income decreased by P1.8 Million (-.63%) due to interest earned in investments in short-term investments and cash equivalents. The unapplied proceeds of the IPO were temporarily placed in short-term time deposits which earns up to 2.75% interest per annum.

e. Other income composed mainly of penalty payments of tenants.

f. Income tax expense is calculated at RCIT rate using the itemized deductions amounted to P4.3 Million for the three-month period ended 31 March 2021 vs. P5.8 Million for the same period last year.

The resulting basic and diluted earnings per share of the Company decreased to 0.01 from 0.05 per

share.

Relevant profitability ratios related to the Company's financial performance are return on equity, return on total assets, net income margin, gross margin and operating margin.

The return on equity of the Company decreased from 1.34% to 0.14% due to the decrease in net income and increase in the average balance of equity.

The return on assets also decreased from 1.27% to 0.14% due also to the decrease in net income and increase in the average total asset base.

Net income margin has decreased to 8.05% from 42.78% while the gross margin decreased to 31.57% from 58.28% when compared to the same period last year.

Operating margin for the period decreased to 2.05% from 41.51% for the same period last year resulting from the decreased in revenue generated from the Asset management segment.

The leasing operations of the Company accounted for 99.94% of the total segment net income while the asset management operations accounted for .06%.

3. OTHER DISCLOSURES

There were no material events subsequent to the end of the interim period that have not been reflected in the unaudited interim financial statements.

There were no effects of changes in the composition of the Company during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Company has no contingent liabilities or contingent assets as at 31 March 2021.

There are no material contingencies and any other events or transactions that are material to the understanding of the current interim period.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

There are no material commitments for capital expenditures which are out of the scope of the use of proceeds from the IPO.

All significant elements or loss were generated from the Company's registered and continuing business operations

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. The National Capital

Region and the Metropolitan Cebu were placed under the Enhanced Community Quarantine from March 17, 2020.

DTI Memorandum Circular 20-12 provides concessions for the deferral of collection of rentals subject to the qualification that the tenants are MSMEs. We are in the process of collating proofs from tenants that they are indeed MSMEs thus a reasonable estimate of the financial effect of said Memorandum Circular cannot be made and that the expected effect is only on the timing of cash flows and not a decrement on the amount.

Apart from the above, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.

Management, however, believes that with the Company's strong financial position, it can really meet its maturing obligations and continue as a going concern.

DIRECTORS AND EXECUTIVE OFFICERS

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 30 June 2021:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Restituto T. Lopez	71	Male	Filipino	Chairman / Non-exec	January 2019
August Pablo A. Corpus, Jr.[5]	64	Male	Filipino	Director / Exec	June 2020
Edmundo G. Las	69	Male	Filipino	Director / Exec	November 2017
Robert Ivan F. Olanday	40	Male	Filipino	Director / Exec	2017
John F. Catindig[6]	51	Male	Filipino	Director / Exec	2017
Ignacio Salvador Gimenez, III[7]	41	Male	Filipino	Director / Exec	January 2019
Mark Anthony C. Migallos	66	Male	Filipino	Director / Non-exec	January 2019

Executive Officers of the Company

[5] Mr. Augusto Pablo A. Corpus, Jr. was elected as President effective 19 June 2020.
[6] Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective 19 June 2020.
[7] Mr. Ignacio Salvador R. Gimenez, III was appointed as the Corporate Treasurer and Investment Relations Officer effective 19 June 2020.

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.

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 30 June 2021:

Name	Age	Gender	Citizenship	Position
Augusto Pablo A. Corpus, Jr.[6]	63	Male	Filipino	President
Ignacio Salvador Gimenez III[8]	39	Male	Filipino	Treasurer and Investment Relations Officer
John F. Catindig[8]	48	Male	Filipino	Chief Information Officer and Compliance Officer
Rosa Michele C. Bagtas[9]	47	Female	Filipino	Corporate Secretary
Eric T. Dykimching[10]	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, 71 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 Accountant ("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 Management 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 1999 to 41 hotels in 2019. He also served as the General Manager of Montevista Resorts and Convention Center from 1997 to 1999. From 1995 to 1997, Mr. Corpus was the General Manager of City Garden Hotel, Manila. From 1983 to

[8] Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective 19 June 2020.
[9] Ms. Rosa Michele C. Bagtas was appointed as Corporate Secretary effective 28 August 2020.
[10] Mr. Eric T. Dykimching was appointed as Assistant Corporate Secretary effective 25 September 2020.

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, was the former President of the Company until June 2020 and has been a 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.

MR. ROBERT IVAN F. OLANDAY, Filipino, 40 years old, has been a 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 Officer and Chief 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.

MR. IGNACIO SALVADOR GIMENEZ, III, Filipino, 41 years old, was elected director of the Company on 09 January 2019 and as Treasurer and Investment Relations Officer on 19 June 2020. 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 28 August 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. Ms. Bagtas is currently a Senior Partner at Cruz Marcelo & Tenefrancia, 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. Ms. Bagtas has extensive experience in acting 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 Partner at Cruz Marcelo & Tenefrancia. 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.

MARKET PRICE OF, AND DIVIDENDS ON, COMMON SHARES

The common shares of the Company first listed on the PSE on 19 August 2019, are traded on the Philippine Stock Exchange ("PSE") under the symbol of KPPI. The closing price of the said shares on 30 June 2021 is P5.12.

The table below sets outs 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	5.20	-	-
	Low	5	5.12	-	-

Holders

As of 30 June 2021, the Company's total outstanding common shares totaled 201,057,609 with a par value of P1.00 per share. Further, based on the report submitted by its Stock Transfer Agent, the Company had 11 shareholders of record with a public ownership percentage of 33.19%.

The following table sets forth the twenty (20) largest common shareholders of the Company as of 30 June 2021.

	Name of Stockholder	No. of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	75,590,090	37.596
2	PCD NOMINEE CORP. (FILIPINO)	66,832,597	33.24
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	4.00
6	PCD NOMINEE CORP. (NON-FILIPINO)	193,000	0.096
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 A. CORPUS, JR.	10	0.000
12	EDMUNDO G. LAS	10	0.000

13	IGNACIO SALVADOR GIMENEZ, III	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
	TOTAL	201,057,609	100.00

As of 30 June 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.

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 09 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 P31,273,394.00 or P0.92 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 Transaction

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.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company adopted its Revised Manual on Corporate Governance (the "Manual") on 13 November 2020. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in the Manual. The directors and officers have likewise attended the mandatory seminar on updates in corporate governance as required under the SEC regulations. An evaluation system has been established by the Company to measure or determine the level of compliance of the BOD and top-level management with the Manual. The Company also has established board committees, including the audit committee, corporate governance committee, and related party transaction committee, as part of its commitment to the best practices of corporate governance and has a Compliance Officer to monitor compliance with the Manual. The Company's BOD is likewise composed of two Independent Directors as required under the Manual. The Independent Directors possess all the qualifications required by law and the Manual and likewise serve as chairpersons of the board committees as part of best practices.

As of the date of this report, the Company is not aware of any deviation from the Manual and has substantially complied with all provisions of the Manual.

Pursuant to SEC Memorandum Circular 15, Series of 2017, and the Notice issued by the Corporate Finance and Corporate Governance Department of the Commission on 22 April 2020 in light of the imposition of the enhanced community quarantine in Metro Manila, the Integrated Annual Corporate Governance Report (I-ACGR) of the Company for 2020 was filed with the SEC on 28 May 2021.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, ADDRESSED TO THE OFFICE OF THE CORPORATE SECRETARY BY EMAIL TO [asm2021@kepwealth.com].

ANNEX "A"

KEPWEALTH PROPERTY PHILS., INC.

Procedures and Requirements for Voting and Participation in the 2021 Annual Stockholders' Meeting

To conform with the government's regulations on social distancing and prohibition on mass gatherings and to protect the safety of its stockholders during the COVID-19 pandemic crisis, **KEPWEALTH PROPERTY PHILS., INC.** (the "Company") will dispense with the physical attendance of its stockholders for the 2021 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2021 ASM scheduled on 17 August 2021 at 8:00 AM by remote communication and will conduct electronic voting *in absentia*. Only stockholders of record as of 03 August 2021 are entitled to participate and vote in the 2021 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2021 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 04 August 2021 until 5:00 PM of 07 August 2021 to signify his/her/its intention to participate in the 2021 ASM by remote communication. The registration steps and requirements are available at the Company's website: https://kepwealth.com.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at asm2021@kepwealth.com:

B.1 For Individual Stockholders –

(i) Scanned copy of stock certificate issued in the name of the individual stockholder;
(ii) Valid email address and active contact number;
(iii) Scanned copy of valid government-issued identification card; and
(iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

(i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
(ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
(iii) Valid email address and active contact number of the authorized stockholder;
(iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
(v) Recent photo of the authorized stockholder.

B.3 For Corporate Stockholders –

(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
(ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
(iii) Valid email address and active contact number of authorized representative; and

(iv) Valid government-issued identification card of authorized representative.

B.4 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

Stockholders should coordinate with their broker on how they can register and participate in the meeting and submit the following:

(i) Broker's Certification on the stockholder's number of shareholdings;
(ii) Sub-proxy issued by broker;
(iii) Valid email address and active contact number of the stockholder;
(iv) Scanned copy of valid government-issued identification card of stockholder; and
(v) Recent photo of stockholder.

C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

II. VOTING BY BALLOT OR PROXY

A. For individual stockholders holding certificated shares of the Company – Download the ballot or proxy form that is available at https://kepwealth.com.

B. For corporate stockholders - Download the ballot or proxy form that is available at https://kepwealth.com. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the ballot or proxy form. A sample Secretary's Certificate is available at https://kepwealth.com.

C. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Stockholders are advised to coordinate with their brokers for the execution of this type of ballot or proxy.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate ballot or proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.

(2) Send the scanned copy of the duly executed ballot or proxy form by email to asm2021@kepwealth.com.

(3) **Deadline for the submission of ballots and proxies is on 5:00 PM of 07 August 2021**.

(4) Validation of proxies will be on 12 August 2021.

III. **PARTICIPATION BY REMOTE COMMUNICATION**

A. The link to the online annual stockholders' meeting will be sent to the registered stockholder through his/her/its e-mail address.

B. Only duly registered stockholders will be included in determining the existence of a quorum.

C. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at asm2021@kepwealth.com. The deadline for submitting questions shall be at 5:00 PM of 13 August 2021.

D. The proceedings during the 2021 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at asm2021@kepwealth.com.

Securities and Exchange Commission
PHILIPPINES

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 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**
Province, Country or other jurisdiction of incorporation or organization

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

7. **Unit IJ01-23 Burgundy Corporate Tower**
252 Sen. Gil Puyat Ave., Makati City, Metro Manila **1200**
Address of principal office Postal Code

8. **(+632) 7978 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.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Annual Report p.43-46 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). Manual on Corporate Governance (p.3, Section 1.1.1), https://kepwealth.com/manual-on-corporate-governance/	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Annual Report p.43-46 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). Manual on Corporate Governance (p.3, Section 1.1.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Manual on Corporate Governance p. 3, Section 1.2.1 which may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Company has an orientation program for first time directors.	Compliant	Manual on Corporate Governance (p. 3, Section 1.2.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Seminars attended: SEC Compliance with the Rules on Disclosures October 30, 2020 (conducted by Center for Global Best Practices)	
3. Company has relevant annual continuing training for all directors.	Compliant	The Directors also attended a seminar entitled "Sustainable Development Goals and Global Reporting Initiatives Disclosures" conducted by the SEC on 09 March 2020.	
Recommendation 1.4			

1. Board has a policy on board diversity.	Compliant	Manual on Corporate Governance (p. 4, Section 1.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Manual on Corporate Governance (p. 4, Section 1.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ General Information Sheet ("GIS") which is available at https://kepwealth.com/general-information-sheet-gis/.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	Annual Report p. 44 which is available at (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	

3. Corporate Secretary is not a member of the Board of Directors.	Compliant	Annual Report p.44 which is available at (https://kepwealth.com/other disclosures-to-sec-pse-and-other-pertinent-agencies/) Manual on Corporate Governance (p.4, Section 1.4.1) may be accessed through https://kepwealth.com/manual-on-corporate-governance/ GIS which is available at https://kepwealth.com/general-information-sheet-gis/	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Manual on Corporate Governance (p. 4, Section 1.4.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			

1. Board is assisted by a Compliance Officer.	Compliant	Manual on Corporate Governance (p. 5 , Section 1.5.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ GIS which is available at https://kepwealth.com/general-information-sheet-gis/	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		The Corporation's Compliance Officer is able to adequately perform his functions notwithstanding that he does not have the rank of a Senior Vice President or equivalent position.
3. Compliance Officer is not a member of the board.	Non-Compliant		The person acting as compliance officer is able to exercise his functions separate from his function as a member of the Board of Directors.
4. Compliance Officer attends training/s on corporate governance.	Compliant	Manual on Corporate Governance (p. 5, Section 1.5.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Seminars Attended: October 30, 2020 SEC Compliance with the Rules on Disclosures	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Manual on Corporate Governance (p. 6, Section 2.1a), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Manual on Corporate Governance (p. 6. Section 2.1a), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Please refer to the Corporation's website https://kepwealth.com/mission-vision-and-values/	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	Manual on Corporate Governance (p. 8, Section 2.1p), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.3			

1. Board is headed by a competent and qualified Chairperson.	Compliant	Annual Report p. 44-45 Manual on Corporate Governance (p. 6, Section 2.1b), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Manual on Corporate Governance (p. 7, Section 2.1k), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long- term interests of the company.	Compliant	Manual on Corporate Governance (p. 7, Section 2.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	Manual on Corporate Governance (p.7, Section 2.1)	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Manual on Corporate Governance (p.7, Section 2.1)	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Manual on Corporate Governance (p. 7, Section 2.1m), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	Manual on Corporate Governance p.7, Section 2.1m	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	Manual on Corporate Governance p.7, Section 2.1m	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Manual on Corporate Governance p.7, Section 2.1m	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Manual on Corporate Governance p.7, Section 2.1m	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Manual on Corporate Governance p.7, Section 2.1m	
Optional: Recommendation to 2.6			

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Manual on Corporate Governance (p. 8, Section 2.1n), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ The Board, thru the Related Party Transaction Committee, is tasked with reviewing all material RPTs of the Corporation. The material RPTs approved are discussed in the Annual Report and in the Notes 14-15 of the Financial Statements [https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/]. Please also refer to the Related Party Transaction Policy (https://kepwealth.com/companys-policies/).	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	The material RPTs approved are discussed in the Annual Report and in the Notes 14-15 of the Audited Financial Statements (https://kepwealth.com/financial-information/). Please also refer to the Related Party Transaction Policy (https://kepwealth.com/companys-policies/).	

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant		
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Manual on Corporate Governance (p. 8, Section 2.1o), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Manual on Corporate Governance (p. 8, Section 2.p), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Manual on Corporate Governance (p. 8, Section 2.p), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Manual on Corporate Governance (p. 8, Section 2.q), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant	Manual on Corporate Governance (p. 8, Section 2.1q) , may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Manual on Corporate Governance (p. 14, Section 12), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Manual on Corporate Governance (p.5, Section 12), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 2.12			

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		Although the Board does not have a Charter, the Board is guided by relevant laws, the Corporation's By-laws, the Manual on Corporate Governance, and company policies in the exercise of its duties and responsibilities.
2. Board Charter serves as a guide to the directors in the performance of their functions.	Non-Compliant		
3. Board Charter is publicly available and posted on the company's website.	Non-Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	The Corporation's Insider Trading Policy may be accessed through https://kepwealth.com/companys-policies/	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Manual on Corporate Governance (p. 8, Section 3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Manual on Corporate Governance (p. 9, Section 3.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ See also https://kepwealth.com/board-committees/	

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Non-Compliant	The composition of the Audit Committee can be found at https://kepwealth.com/board-committees/. Please also refer to the Corporation's GIS at https://kepwealth.com/general-information-sheet-gis/.	While Mr. Ignacio Salvador R. Gimenez, III also serves as the Corporation's Treasurer and Investor Relations Officer, he is able to perform his duties and responsibilities as member of the Audit Committee despite concurrently holding such executive positions.

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Composition can be found at https://kepwealth.com/board-committees/ Profiles can be found at the Annual Report p. 42-46 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/).	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant	Composition can be found at https://kepwealth.com/board-committees/ Manual on Corporate Governance (p. 9, Section 3.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	Mr. Restituto T. Lopez is able to perform his duties and responsibilities as Chairman of the Audit Committee despite also holding the position of Chairman of the Board.
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Please refer to the Corporation's Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf).	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Please refer to the Corporation's Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf).	

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Please refer to the Corporation's Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf).	
2. Audit Committee approves the appointment and removal of the internal auditor.			
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Manual on Corporate Governance (p. 9, Section 3.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ See also https://kepwealth.com/board-committees/	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-compliant		The Corporation's Corporate Governance Committee is composed of (3) members of the Board, two (2) of whom are independent directors. The Committee is chaired by an independent director. All independent directors are members of the Committee but since the Corporation only has 2 independent directors, the third member is a regular director. This, however, does not affect the performance of the duties and responsibilities of the Committee as recommended under the Code of Corporate Governance for Publicly-Listed Companies.
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	The composition of the Committee can be found at https://kepwealth.com/board-committees/. Profiles can be found at the Annual Report p. 46-48 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). Manual on Corporate Governance (p. 9, Section 3.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/. Please also refer to the GIS (https://kepwealth.com/general-information-	

		sheet-gis/).	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. 2.	Non-Compliant		The Corporation does not have a BROC because its operations (i.e., lease and asset management) are not complex and it has a low risk profile.

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		The Corporation does not have a BROC because its operations (i.e., lease and asset management) are not complex and it has a low risk profile.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		The Corporation does not have a BROC because its operations (i.e., lease and asset management) are not complex and it has a low risk profile.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		The Corporation does not have a BROC because its operations (i.e., lease and asset management) are not complex and it has a low risk profile.
Recommendation 3.5			

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	The composition of the RPT Committee can be found at https://kepwealth.com/board-committees/ Manual on Corporate Governance (p. 9, Section 3.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ RPT Committee Charter (https://kepwealth.com/board-committees/).	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant	The composition of the RPT Committee can be found at https://kepwealth.com/board-committees/ Profiles can be found at the Annual Report p. 46-48. Manual on Corporate Governance (p. 9, Section 3.3) may be accessed through https://kepwealth.com/manual-on-corporate-governance/.	John F. Catindig, who is also the Corporation's Chief Information Officer and Compliance Officer, is also a member of the RPT Committee. The Chairman, Mr. Mark Anthony C. Migallos, and the other member, Mr. Restituto T. Lopez, are independent and non-executive directors. Since the operations of the Corporation are not complex, it is not necessary for the third member of the RPT Committee to be a non-executive director. Further, Mr. Catindig is able to perform his duties as a member of the

			Committee notwithstanding that he likewise hold the positions of Chief Information Officer and Compliance Officer.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	The Committee Charters can be found at https://kepwealth.com/board-committees/.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant		
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Manual on Corporate Governance (p. 9, Section 4.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Disclosure on the attendance of the Board to the meetings may be accessed through https://edge.pse.com.ph/openDiscViewer.do?edge_no=48fa9cb60056977e0de8473cebbd6407 and https://kepwealth.com/wp-content/uploads/2020/03/PSE-Form-17-18-Dated-01-29-2020-Other-SEC-Forms-Reports-and-Requirements-Attendance-in-Board-Meetings.pdf.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Manual on Corporate Governance (p. 9, Section 4.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Manual on Corporate Governance (p. 9, Section 4.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 4.2			

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	Manual on Corporate Governance (p. 9, Section 4.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Manual on Corporate Governance (p. 9, Section 4.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year. 3.			

4. Board of directors meet at least six times during the year.			
5. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-Compliant		The Corporation has two (2) independent directors which constitute approximately 30% of the total number of directors as indicated in its Articles of Incorporation. This is also in compliance with Section 38.7.1 of the Implementing Rules and Regulations of the Securities Regulation Code which only requires issuers of registered securities and public companies to have at least two (2) independent directors or at least twenty percent (20%) of its board size, whichever is less.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Annual Report p.44-46 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/) Manual on Corporate Governance (p.10, Section 5.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Under the Corporation's Code of Business Conduct and Ethics, available at https://kepwealth.com/code-of-business-conduct-and-ethics/, the Conflict of Interest Policy requires directors, officers, and employees to make a conscious effort to avoid conflict of interest situations; so that his judgment and discretion is not influenced by considerations of personal gain or benefit In view of the above, Corporation has no shareholder agreements, by-laws provisions or other arrangements that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Manual on Corporate Governance (p. 10, Section 5.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Manual on Corporate Governance (p.10, Section 5.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	Manual on Corporate Governance (p. 10, Section 5.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Manual on Corporate Governance (p. 10, Section 5.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Annual Report p. 45 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). GIS (https://kepwealth.com/general-information-sheet-gis/)	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The roles and responsibilities of the Chairman of the Board and Chief Executive Officer are clearly delineated in the Manual on Corporate Governance, p. 10, Section 5.4., which may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 5.5			

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	Manual on Corporate Governance (p. 10, Section 5.5) may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Annual Report p. 45 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). The Chairman of the Board is an Independent Director. Please refer to the GIS (https://kepwealth.com/general-information-sheet-gis/).	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Per the Code of Business Conduct and Ethics found at https://kepwealth.com/code-of-business-conduct-and-ethics/, any member of the Board of Directors who has an interest in the transaction under discussion shall not participate in the deliberations and voting on the approval of the Related Party Transaction either at level of the Board of Directors or the Related Party Transaction Committee. Manual on Corporate Governance (p.10, Section 5.5), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 5.7			

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	Manual on Corporate Governance (p. 11, Section 5.7), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Manual on Corporate Governance (p. 11, Section 6.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant		

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Manual on Corporate Governance (p. 11, Section 6) may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Some of the feedback mechanisms already in place by the Corporation are the following: 1. Open Forum during the Annual Stockholders' Meetings 2. Website/Investor Relations Office 3. Office of the Corporate Secretary	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Board adopts a Code of Business Conduct and Ethics, which can be found at https://kepwealth.com/code-of-business-conduct-and-ethics/. Manual on Corporate Governance (p. 11, Section 7.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Copies of the Code of Business Conduct and Ethics are disseminated to the Board, all senior management and employees thru the Company's Compliance Officer and by posting in its corporate website.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code of Business Conduct and Ethics may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/.	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Board adopts a Code of Business Conduct and Ethics, which can be found at https://kepwealth.com/code-of-business-conduct-and-ethics/. Manual on Corporate Governance (p. 11) may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. 2.	Compliant	The Board adopts a Code of Business Conduct and Ethics, which can be found at its corporate website, https://kepwealth.com/code-of-business-conduct-and-ethics/.	

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Manual on Corporate Governance (p. 11), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	Manual on Corporate Governance (p. 12, Section 8.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ All reports and disclosures are made available to its shareholders and stakeholders thru comprehensive, accurate, reliable and timely disclosures and posting on the Corporation's website.	
Supplement to Recommendations 8.1			

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	The Annual, Quarterly, and other related reports are available at the Corporation's website (https://kepwealth.com/).	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	The Annual Report is available at the Corporation's website (https://kepwealth.com/).	
Recommendation 8.2			

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Manual on Corporate Governance (p. 12, Section 8.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	The dealings of directors, management and top 100 shareholders involving the corporation's shares including their nature, number/percentage and date of transaction, , as well as the disclosures on the share buy-back transactions of the company, are disclosed at https://kepwealth.com/ and in PSE Edge.	
Recommendation 8.3			

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Manual on Corporate Governance (p. 12, Section 8.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Manual on Corporate Governance (p. 12, Section 8.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Manual on Corporate Governance (p. 12, Section 8.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Manual on Corporate Governance (p. 12, Section 8.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Manual on Corporate Governance (p. 12, Section 8.4) , may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Annual Report p. 49 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	Manual on Corporate Governance (p. 12, Section 8.5), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Related Party Transaction Policy (https://kepwealth.com/companys-policies/) Related Party Transaction Committee Charter (https://kepwealth.com/board-committees/)	

2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Manual on Corporate Governance (p. 12, Section 8.5), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ All material RPTs for the previous year are disclosed in Note 14 and 15 of the Financial Statements which is attached to the Annual Report (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/).	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Manual on Corporate Governance (p. 12, Section 8.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Conflict of Interests Policy (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Conflict-of-Interest-Policy.pdf)	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			

1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Manual on Corporate Governance (p. 12, Section 8.6), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ All material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders are disclosed with the Philippine Stock Exchange and the Securities and Exchange Commission, and posted on the Corporation's website.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Manual on Corporate Governance (p. 12, Section 8.6), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ The Board relies on the recommendation and sound discretion of management in evaluating these types of transactions.	
Supplement to Recommendation 8.6			

1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	As stated in the Annual Report, p. 11, 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. The Annual Report is available at the Corporation's website (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/). The Corporation does not have any shareholder agreement or similar arrangement which may impact on the control, ownership and strategic direction of the Company,	

Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Manual on Corporate Governance was submitted to the SEC and PSE and posted on the Company website. See date of filing and link below: 1. PSE Edge: November 13, 2020 2. SEC: November 24, 2020 3 . Company Website: https://kepwealth.com/manual-on-corporate-governance/	
2. Company's MCG is submitted SEC to the and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Per the following link, the Company submitted its Manual on Corporate Governance to PSE and SEC on November 13, 2020 and November 24, 2020, respectively (https://kepwealth.com/manual-on-corporate-governance/).	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			

e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			

3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Manual on Corporate Governance (p. 13, Section 9.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf)	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Manual on Corporate Governance (p. 13, Section 9.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf) PSE Edge: August 28, 2020 (engagement of RS Bernaldo & Associates) Reason: Rationalization of company's expenditures Ratified on ASM on September 09, 2020	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant		
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	See Audit Committee Charter https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf	
Recommendation 9.2			

1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	The Audit Committee Charter can be found at https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	The Audit Committee Charter can be found at https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Manual on Corporate Governance (p.13, Section 9.2), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ The Audit Committee Charter (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf)	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant		
Recommendation 9.3			

1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Annual Report (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Manual on Corporate Governance (p.13, Section 9.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/ The Audit Committee Charter can be found at https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Audit-Committee-Charter-30-Jan-2019.pdf	
Supplement to Recommendation 9.3			

1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Annual Report p. 44 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	R.S. Bernaldo & Associates BOA/PRC No 0300 Valid until October 10, 2021 SEC Group A Accredited Accreditation No. 0300-SEC Valid until 2024 audit period BSP Group B accredited Valid until 2021 audit period BIR Accreditation No 08-007679-000-2020 Valid from February 24, 2020 to February 23, 2023 IC Accreditation no. F-2019-004-R Valid until October 1, 2022	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	In 2020, the members of the external auditor's Audit Engagement Team agreed to be subjected to the SOAR Inspection Program.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			

Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Manual on Corporate Governance (p. 13, Section 10.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Sustainability Report (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/) PSE Edge	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	The communication channels used by the company are the following: 1. Website – https://kepwealth.com 2. Quarterly reporting- PSE Edge 3. Current reporting-PSE Edge 4. Annual Stockholders' Meeting-PSE Edge	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please see website https://kepwealth.com/.	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please see website https://kepwealth.com/.	
Internal Control System and Risk Management Framework			

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	Manual on Corporate Governance (p. 14, Section 12), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The enterprise risk management framework is available at https://kepwealth.com/wp-content/uploads/2019/03/KPPI_Risk-Management-Policy.pdf	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	Manual on Corporate Governance (p. 14-15, Part V), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Internal Audit is in-house. Manual on Corporate Governance (https://kepwealth.com/manual-on-corporate-governance/)	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Although the Company has no Chief Audit Executive (CAE), the internal audit functions are exercised by the in-house internal auditor, such as but not limited to: 1. Evaluating the reliability and integrity of financial information.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.			

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.		2. Evaluating the effectiveness and efficiency of operations and compliance with established policies and procedures. 3. Evaluating the means of safeguarding assets and verifying the existence of such assets. 4. Evaluating specific operations at the request of the Board or management, as appropriate. 5. Reporting the internal audit performance.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Manual on Corporate Governance (p.15, Section 12.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Board may seek external professional or technical opinion or advice as it deems necessary in connection with any matter which is pending before the Board, and which opinion or advice the members may consider in their individual assessment and evaluation of the issues.	
Recommendation 12.5			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		Although the Corporation does no t have a Chief Risk Officer, risk management is handled collectively by different groups, including legal, internal audit, finance, under the supervision of the COO and the Board Risk Oversight Committee to oversee the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Non-compliant		The directors of the Corporation have reviewed the effectiveness of the Corporation's internal control system and consider them effective and adequate.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Manual on Corporate Governance (p. 16 , Section 13.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Manual on Corporate Governance containing the basic shareholder rights is disclosed at https://kepwealth.com/manual-on-corporate-governance/.	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	The Corporation's common share has one vote for one common share. However, in the election of directors, a common stockholder may cumulate his vote pursuant to Section 23 of the Revised Corporation Code.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Under Section 13 of the Manual on Corporate Governance, the Corporation shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights (https://kepwealth.com/manual-on-corporate-governance/).	

3. Board has an effective, secure, and efficient voting system.	Compliant	The Corporation observes and complies with the Revised Corporation Code with respect to the minimum required number of stockholder votes on certain acts of the Board that significantly affect the rights of all stockholders.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	While there is a risk that the controlling shareholders' voting power may be restrictive or authorize preferences, the Board is committed to respect the rights of the shareholders as provided for in the Revised Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.	

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	See By-Laws https://kepwealth.com No shareholder called for a special stockholders' meeting and submitted a proposal or agenda item for consideration during the period.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Manual on Corporate Governance (p. 7, Section 2.1m), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	

7. Company has a transparent and specific dividend policy.	Compliant	Annual Report p. 34-37 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	(FOR 2020 annual meeting) The Notice of Annual Stockholders' Meeting was disclosed on August 5, 2020, before the meeting held on September 09, 2020. The Information Statement containing the Notice and Agenda of the annual stockholders' meeting was sent out on August 18, 2020 pursuant to Section 4, Article II of the By-Laws of the Corporation which provides that the notice of the Annual Stockholders' Meeting must be sent to all stockholders at least fifteen (15) business days before the meeting	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Information Statement PSE Edge, August 18, 2020 Company website at https://Kepwealth.com	
b. Auditors seeking appointment/re-appointment	Compliant	Information Statement PSE Edge, August 18, 2020 Company Website at https://kepwealth.com	
c. Proxy documents	Compliant	Information Statement PSE Edge, Aug 18, 2020 Company website at https://kepwealth.com	

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Manual on Corporate Governance (p. 16, Section 13.3), may be accessed through https://kepwealth.com/manual-on-corporate-governance/. The Minutes of the last ASM, which was uploaded in the Company's website, contains all the relevant questions raised and answers during the ASM as well as the results of the vote taken.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	The Minutes of 2020 Annual Stockholders' Meeting is disclosed at the company website https://kepwealth.com. The voting on resolutions was by poll. There was opportunity to ask questions and the answers were also given.	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	(FOR 2020 ASM) The external auditor, Chief Financial Officer, Investor Relations Officer, and Corporate Secretary were present during the ASM.	
Recommendation 13.4			

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Manual on Corporate Governance (p. 17, Section 13.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Manual on Corporate Governance (p. 17, Section 13.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	1. Name of Investor Relations Officer – John F. Catindig 2. Telephone number – (+632)79785080 3. E-mail address jfcatindig@yahoo.com and Johnfcatindig70@gmail.com	
2. IRO is present at every shareholder's meeting.	Compliant	(FOR 2020 ASM) The IRO was present during the ASM.	
Supplemental Recommendations to Principle 13			

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	As indicated in the Manual on Corporate Governance, the presence of Independent Directors and the combination of executive and non-executive Directors is one measure that the Corporation adapted in order that no director, small group of directors, and controlling shareholder group can dominate the decision-making process.	

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.		The Company's public float as of 31 March 2020 is 33.34%, may be accessed through https://edge.pse.com.ph/openDiscViewer.do?edge_no=ca259952e529c6c90de8473cebbd6407	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Manual on Corporate Governance (p. 17, Section 14.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Manual on Corporate Governance (p. 17, Sections 13 and 14), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	The stakeholders can voice their concerns and/or complaints for possible violation of their rights to the following: 1. Investor Relations Officer 2. Chief Financial Officer 3. Compliance Officer 3. Corporate Secretary Whistleblowing policy, practices and procedures for stakeholders can be found at https://kepwealth.com/companys-policies/	

Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Manual on Corporate Governance (p. 17, Section 13.4), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The Corporation has not yet sought any exemption from the application of any law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	Annual Report p.11 (https://kepwealth.com/other-disclosures-to-sec-pse-and-other-pertinent-agencies/)	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Manual on Corporate Governance (p. 17, Section 15.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	Manual on Corporate Governance (p. 17, Section 15.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant		
3. Company has policies and practices on training and development of its employees.	Compliant		
Recommendation 15.2			

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Manual on Corporate Governance (p. 17, Section 15.2) may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Code of Conduct and Business Ethics, may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Code of Conduct and Business Ethics, may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/ Whistle Blowing Policy (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_WhistleBlowing-Policy.pdf)	
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	Code of Conduct and Business Ethics, may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/ Whistle Blowing Policy (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_WhistleBlowing-Policy.pdf)	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	Code of Conduct and Business Ethics, may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/ Whistle Blowing Policy (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_WhistleBlowing-Policy.pdf)	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Code of Conduct and Business Ethics, may be accessed through https://kepwealth.com/code-of-business-conduct-and-ethics/ Whistle Blowing Policy (https://kepwealth.com/wp-content/uploads/2019/03/KPPI_WhistleBlowing-Policy.pdf)	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Manual on Corporate Governance (p. 17, Section 16.1), may be accessed through https://kepwealth.com/manual-on-corporate-governance/	
Optional: Principle 16			

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
2. Company exerts effort to interact positively with the communities in which it operates			

IN WITNESS WHEREOF, we have hereunto set our hands on 27 MAY 2021 in Taguig City, Metro Manila.

RESTITUTO T. LOPEZ
Chairman/Independent Director

AUGUSTO PABLO A. CORPUS, JR.
President/Director

MARK ANTHONY C. MIGALLOS
Independent Director

JOHN F. CATINDIG
Compliance Officer/Director

ROSA MICHELE C. BAGTAS
Corporate Secretary

SUBSCRIBED AND SWORN to before me on 27 MAY 2021 in Taguig City, affiants exhibiting to me their current competent evidence of identity bearing their photographs and signatures with the following particulars:

Name	Identification Card	Official Issuing Agency
AUGUSTO PABLO A. CORPUS, JR.	Driver's License No. N02-74-075656	Land Transportation Office
MARK ANTHONY C. MIGALLOS	Driver's License No. N11-83-010019	Land Transportation Office
JOHN F. CATINDIG	Driver's License No. N02-99-404028	Land Transportation Office
ROSA MICHELE C. BAGTAS	Unified Multi-purpose ID No. 0111-7616105-0	Republic of the Philippines

Doc. No. 106;
Page No. 23;
Book No. III;
Series of 2021.

DARYL ANNE E. YANG
NOTARY PUBLIC
ROLL NO. 69700
TAGUIG CITY, PHILIPPINES

DARYL ANNE E. YANG
Notary Public
Taguig City, Appointment No. 38 (2020-2021)
Until December 31, 2021, Roll No. 69700
PTR No. A-5074914 - 01/04/21 - Taguig City
IBP No. 137272 - 01/02/20 – Laguna Chapter
MCLE Compliance No. VI-0007444 - 04/11/18
11th Floor, One Orion, 11th Avenue corner
University Parkway, Bonifacio Global City
Taguig City, Metro Manila, Philippines

COVER SHEET

C	S	2	0	0	5	1	6	3	6	1

S.E.C. Registration Number

K	E	P	W	E	A	L	T	H		P	R	O	P	E	R	T	Y		P	H	I	L	S	.	,		I	N	C

.																													

(Company's Full Name)

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.	,		M	A	K	A	T	I		C	I	T	Y																

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

AUGUSTO PABLO A CORPUS,JR

Contact Person

(632) 7978-5080

Company Telephone Number

1	2

Month

3	1

Day

Fiscal Year

1	7	-	Q

Form Type

Second Wednesday of July

Month Day

Annual Meeting

–

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

___

Total No. of Stockholders

–

Domestic

–

Foreign

Top be accomplished by SEC Personnel Concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2021

2. SEC Identification No. 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. Province, country or other jurisdiction of incorporation or organization Philippines

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

7. Address of principal office Unit IJ01-23 Burgundy Corporate Tower 252 Sen. Gil Puyat Ave., Makati City Postal Code 1230

8. Issuer's telephone number, including area code (02) 7978-5080

9. Former name or former address, if changed since last report N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	201,057,609

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

    Yes [✓] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange - All Outstanding Common Shares

12. Are any or all of the securities listed on a Stock Exchange?

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 [ ]

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements
- ***See Attached.***

Section 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- ***See Attached.***

PART II - OTHER INFORMATION

There are no other information for the period not previously reported in SEC Form 17-C.

SIGNATURES

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

Issuer	KEPWEALTH PROPERTY PHILS., INC.
Signature and Title	Augusto Pablo A. Corpus Jr., *President*
Date	May 14, 2021
Signature and Title	Ignacio Salvador Gimenez III, *Treasurer*
Date	May 14, 2021

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements

KEPWEALTH PROPERTY PHILS., INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2021 AND DECEMBER 31, 2020

	Note	2021 UNAUDITED	2020 AUDITED
ASSETS			
Current Assets			
Cash and cash equivalents	5	289,587,388	282,551,545
Trade and other receivables	6	16,695,886	15,035,844
Other current assets		14,037,087	13,251,766
Total Current Assets		320,320,361	310,839,155
Noncurrent Assets			
Investment properties - net	7	444,064,575	449,762,160
Property and equipment - net	8	2,001,096	2,090,110
Investment in equity securities	8	75,795,893	75,795,893
Net deferred tax asset	14	3,382,986	3,382,986
Deferred input value-added tax		14,514,687	14,514,687
Total Noncurrent Assets		539,759,237	545,545,836
		860,079,598	856,384,991
		-	-
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	9	41,800,540	39,280,941
Income tax payable		-	-
Total Current Liabilities		41,800,540	39,280,941
Noncurrent Liabilities			
Advance rent - net of current portion	15	1,793,621	1,793,621
Security deposits - net of current portion	15	2,378,029	2,378,029
Deferred credits - net of current portion	15	16,649	16,649
Total Noncurrent Liabilities		4,188,299	4,188,299
Total Liabilities		45,988,839	43,469,240
Equity			
Capital stock	10	456,057,609	456,057,609
Additional paid-in capital	10	299,519,764	299,519,764
Retained earnings		58,513,386	57,338,378
Total Equity		814,090,759	812,915,751
		860,079,598	856,384,991

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED MARCH 31, 2021 AND 2020

	Note	UNAUDITED	
		For the Quarters Ended March 31	
		2021	2020
REVENUES			
Leasing		14,593,089	19,450,108
Asset management		8,581	5,637,746
		14,601,670	25,087,854
COSTS OF SERVICES		9,991,729	10,467,085
GROSS INCOME		4,609,941	14,620,769
GENERAL AND ADMINISTRATIVE EXPENSES		4,310,642	4,206,943
OTHER INCOME		1,134,108	3,045,083
INCOME BEFORE INCOME TAX		1,433,407	13,458,909
INCOME TAX EXPENSE			
Current		258,405	2,522,405
Deferred		-	202,718
		258,405	2,725,123
NET INCOME		1,175,002	10,733,786
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		1,175,002	10,733,786
BASIC AND DILUTED EARNINGS PER SHARE		0.01	0.05

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

	Note	UNAUDITED	
		For the Three-Month Periods Ended March 31	
		2021	2020
REVENUES			
Leasing		14,593,089	19,450,108
Asset management		8,581	5,637,746
		14,601,670	25,087,854
COSTS OF SERVICES		9,991,729	10,467,085
GROSS INCOME		4,609,941	14,620,769
GENERAL AND ADMINISTRATIVE EXPENSES		4,310,642	4,206,943
OTHER INCOME		1,134,108	3,045,083
INCOME BEFORE INCOME TAX		1,433,407	13,458,909
INCOME TAX EXPENSE			
Current		258,405	2,522,405
Deferred		-	202,718
		258,405	2,725,123
NET INCOME		1,175,002	10,733,786
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		1,175,002	10,733,786
BASIC AND DILUTED EARNINGS PER SHARE		0.01	0.05

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

		Unaudited	
	Note	**2021**	**2020**
CAPITAL STOCK			
Common			
Balance at beginning of period		**201,057,609**	85,025,000
Issuances		**-**	67,032,609
Stock Dividends			49,000,000
Balance at end of period		**201,057,609**	**201,057,609**
Preferred			
Balance at beginning and end of period		**255,000,000**	**255,000,000**
		456,057,609	**456,057,609**
ADDITIONAL PAID-IN CAPITAL		**299,519,764**	299,519,764
RETAINED EARNINGS			
Balance at beginning of period		**57,338,378**	37,503,914
Net Income		**1,175,002**	10,733,786
Balance at end of period		**58,513,380**	**48,237,700**
		814,090,753	**803,815,073**
			-

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

		Unaudited	
	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**1,433,407**	**13,458,909**
Adjustments for:			
Depreciation		**5,786,599**	8,258,710
Interest income		**(1,049,563)**	(2,800,693)
Operating income before working capital changes		**6,170,443**	**18,916,926**
Decrease (increase) in:			
Trade and other receivables		**(1,660,042)**	(4,531,428)
Other current assets		**(785,321)**	(3,481,175)
Increase (decrease) in:			
Accounts and other payables		**2,519,599**	134,144
Advance rent			(758,573)
Security deposits			650,026
Deferred credits		**0**	(58,689)
Net cash generated from (used in) operations		**6,244,679**	**10,871,231**
Income taxes paid		**(258,405)**	**(1,302,087)**
Interest received		**1,049,563**	2,800,693
Net cash provided by operating activities		**7,035,837**	**12,369,837**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Condominium units and parking lots			(164,967,371)
Property and equipment			(2,077,989)
Decrease (increase) in:			
Short-term investments			50,311,667
Other noncurrent assets			(16,750,724)
Net cash used in investing activities			**(133,484,417)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in due to related parties			113,779
Issuance of common shares			
Cash provided by financing activities			**113,779**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**7,035,837**	**(121,000,801)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**282,551,545**	**452,334,407**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**289,587,382**	**331,333,605**
NONCASH FINANCIAL INFORMATION			
Issuance of common stock through stock dividends			-

See accompanying Notes to Unaudited Interim Financial Statements

KEPWEALTH PROPERTY PHILS., INC.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. **Corporate Information**

KEPWEALTH PROPERTY PHILS., INC. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 2005.

On March 7, 2019, the SEC approved the amendment of the Company's Articles of Incorporation. The amendment includes the following:

- change in business purpose from engaging in real estate business, excluding land ownership, to investing, 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, hotel inns, resorts, apartments, or personal property of every kind and description;

- change in authorized capital structure from 8,000,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively (Note 10); and

- change of principal office to Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City

The change in par value in the Company's authorized capital resulted to an increase in authorized common shares by 79,200,000 and preferred shares by 478,800,000 and the reclassification of 277,000,000 preferred shares to common shares.

The Company's stockholders and Board of Directors (BOD) declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱49.0 million from the increase in authorized common shares on January 30, 2019.

On the same date, the stockholders and the BOD authorized the Company to undertake an initial public offering (IPO) of its common shares with the Philippine Stock Exchange (PSE). Subsequently, on July 23, 2019 and July 24, 2019, the SEC and the PSE approved the Company's application for IPO.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360.0 million, net of offer expenses of ₱24.7 million (Notes 4 and 10).

The Company's registered office address is Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), and adopted by the SEC, including SEC pronouncements.

The significant accounting policies used in the preparation of financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements have been prepared on a historical cost basis and presented in Philippine Peso (Peso), which is the Company's functional currency. Amounts are rounded off to the nearest Peso, except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 − Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting year.

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 7, *Investment Properties* and Note 17, *Fair Values of Financial Instruments*.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Financial Instruments

a. Recognition Policies

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the

case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

b. Classification and Subsequent Measurement Policies

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through OCI (FVOCI), and (c) financial assets at FVPL. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at March 31, 2021 and 2020, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost because both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents, short-term investments, trade receivables and due from related parties are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process. Financial liabilities which are expected to be paid within 12 months after reporting period are classified as current. Otherwise, these are classified as noncurrent liabilities.

The Company's accounts payable, security deposits, accruals, due to a related party and other payables are classified under this category.

c. Reclassification Policies

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

d. Impairment Policy on Financial Assets at Amortized Cost

The Company recognizes an allowance for expected credit loss (ECL) for financial assets at amortized cost. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach, which requires that ECL should always be based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting year, including time value of money where appropriate.

For other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

e. Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

f. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

g. Classification of Financial Instrument between Liability and Equity.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets

Other current assets consist of deposit to contractors, prepayments and deferred input value-added tax (VAT).

Deposit to Contractors. Deposits to contractors are amounts paid in advance for the purchase of properties, goods and services. These are carried in the statements of financial position at face amount and are recognized as expense in profit or loss or to the corresponding asset account when the properties, goods or services for which the deposits were made are received by and delivered to the Company.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT payable to the taxation authority is included as part of "Accounts and other payables" account in the statements of financial position.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT on capital goods is classified as current assets if it is expected to be claimed against output VAT for no more than 12 months after the reporting year. Otherwise these are classified as noncurrent assets. Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Investment Properties

Investment properties include condominium units and parking slots that are held for rentals and/or capital appreciation, and that are not occupied by Company. Investment properties are carried at cost, less any accumulated depreciation and any impairment losses.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful life of 40 years. Initial leasing cost is capitalized as cost of investment properties and is amortized over the lease term on the same basis as leasing revenue. The amortization of initial leasing cost is presented as "Commission" under "Costs of Services" account in the statements of comprehensive income.

Transfers are made to or from investment property only when there is a change in use. A transfer between investment property and owner-occupied property does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which these are incurred.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related asset or up to the date of the next major renovation, whichever is shorter.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Office Improvement	3 to 5
Office Equipment	3

The estimated useful lives and depreciation method are reviewed, and adjusted if appropriate, periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated property and equipment is retained in the books until these are no longer being used in the operations.

When an asset is disposed or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and any impairment are derecognized. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit of loss.

Impairment of Nonfinancial Assets

The Company assesses at each reporting year whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any impairment loss is recognized in the statements of comprehensive income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting year as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation for office equipment, had no impairment loss been recognized for the asset in prior years.

Equity

*Capital Stock***.** Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital. Additional paid-in capital represents the excess of proceeds and/or fair value of considerations received over the par value of the subscribed capital stock. Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Dividend Distribution. Stock dividend distribution to the Company's stockholders is recognized immediately as an addition to capital and deducted from retained earnings in the year in which the dividends are approved by the Company's BOD. Cash dividends are recognized as a liability and deducted from equity when these are approved by the BOD of the Company for declaration.

Stock Split. Stock split pertains to issuance of additional shares to existing stockholders for no additional consideration.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized:

Leasing. Revenue under non-cancellable leases on investment properties is recognized on a straight-line basis over the term of the lease.

Asset Management. Asset management revenue pertains to management of various properties and commission revenues for the lease of these properties. Management revenue is recognized when related services are rendered while commission revenue is recognized when earned based on certain percentage of monthly rate of new lease and renewal of both unit and parking slot.

Interest Income. Interest income is recognized as interest accrues, taking into account the effective yield on the asset.

Other Income. Other income is recognized as earned.

Cost and Expense Recognition

Costs and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase has arisen that can be measured reliably.

Costs of Services. Costs of services are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market goods. These are expensed as incurred.

Leases

a. Assessment Policies

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from use of the identified asset; and

ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

b. Lessor Accounting

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as leasing revenue. Contingent rents are recognized as revenue in the period in which these are earned.

Rent received in advance is recognized as “Advance rent” in the statements of financial position. Unamortized day-1 gain is recognized as “Deferred credits” in the statements of financial position. Security deposits received are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements. Advance rent, deferred credits and security deposit, which are expected to be settled within 12 months after reporting year are classified as current and

presented under "Accounts and other payables" in the statements of financial position. Otherwise, these are classified as noncurrent liabilities.

Income Tax

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting year, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings per Share (EPS)

Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock split and stock dividends declared.

Diluted EPS is calculated in the same manner as basic EPS, adjusted for the effects of all dilutive potential common shares.

Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating

decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's position at the reporting year (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the unaudited interim financial statements in accordance with PFRS requires the Company to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the unaudited interim financial statements as they become reasonably determinable.

Judgment, accounting estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

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

Determining Classification of Financial Assets. Classification of financial assets under PFRS 9 depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. The Company also determines whether the contractual terms of financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and

credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Determining Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Company determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment (Note 18).

Classifying Leases - The Company as a Lessor. The Company classifies leases in accordance with the substance of the contractual agreement and the transfer of the risks and benefits incidental to the ownership of the leased property. Leases, where management has determined that the risks and rewards related to the leased property are transferred to the Company, are classified as finance leases. On the other hand, leases entered into by the Company, where management has determined that the risks and rewards of the leased property are retained with the lessor, are accounted for as operating leases.

The Company entered into a number of operating lease agreements as a lessor. As a lessor, the Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

The Company recognized leasing revenue amounting to ₱14.6 million and ₱19.5 million for the three-month periods ended March 31, 2021 and 2020, respectively and ₱14.6 million and ₱19.5 million for the three-month periods ended March 31, 2021 and 2020 (Note 15).

Determining the Classification of Investment Properties. The Company determines whether a property qualifies as an investment property. In making its judgment, the Company considers the property as an investment property when it is held primarily to earn rentals or capital appreciation or both and is not substantially for use by, or in the operations of, the Company.

The Company classified condominium units and parking slots and initial leasing costs as investment properties. The carrying amounts of the Company's investment properties amounted to ₱444.1 million and ₱449.8 million as at March 31, 2021 and December 31, 2020, respectively (Note 7).

Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Estimating the ECL on Trade Receivables. The Company estimates ECL on trade receivables using a provision matrix that is based on the days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

The allowance for ECL on trade receivables amounted to ₱1.1 million as at March 31, 2021 and December 31, 2020, (Note 6). No provision for ECL was recognized for the three-month periods ended March 31, 2021 and 2020.

Estimating the ECL on Other Financial Assets at Amortized Cost. The Company determines ECL on its other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over their expected lives. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the debtor.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the debtor.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized for the three-month periods ended March 31, 2021 and 2020.

The carrying amounts of other financial assets at amortized cost as at March 31, 2021 and December 31, 2020 are as follows:

	Note	**March 31, 2021 Unaudited**	March 31, 2020 Audited
Cash and cash equivalents	5	**289,587,388**	331,333,606

Estimating the Useful Life of Investment Properties and Property and Equipment. The Company estimates the useful life of its investment properties and property and equipment based on the periods over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of the assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets.

There were no changes in the estimated useful lives of investment properties for three-month periods ended March 31, 2021 and 2020.

The carrying amount of investment properties amounted to ₱444.1 million and ₱449.8 million as at March 31, 2021 and December 31, 2020, respectively (Note 7). The carrying amounts of property

and equipment amounted to ₱2.0 million and ₱2.1 million as at March 31, 2021 and December 31, 2020, respectively (Note 8).

Assessing the Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount of nonfinancial assets which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Company to make estimates and assumptions that can materially affect its financial statements. Future events could cause the Company to conclude that the nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

There were no impairment indicators on the Company's nonfinancial assets. Accordingly, no impairment loss was recognized for the three-month periods ended March 31, 2021 and 2020. The carrying amounts of nonfinancial assets as at March 31, 2021 and December 31, 2020 are as follows:

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Investment Properties	7	444,064,575	449,762,160
Other Noncurrent Assets		17,897,673	17,897,673
Other Current Asset		14,037,087	13,251,766
Property And Equipment	8	2,001,096	2,090,110
Accrued Rent	6	1,147,683	1,147,683

Assessing Realizability of Deferred Tax Asset. The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at March 31, 2021 and December 31, 2020, the Company's recognized deferred tax assets amounted to ₱3.9 million and ₱3.9 million, respectively (Note 14).

4. **Initial Public Offering**

On August 19, 2019, the Company's 67,032,607 common shares were officially listed at the PSE at an offer price of up to ₱5.74 per share. Net proceeds from the IPO aggregated ₱360.0 million, net of disbursements for offer expenses of ₱24.8 million (Notes 1 and 10).

The unapplied proceeds from the IPO of ₱171.3 million as at March 31, 2021 are maintained in various current and saving accounts. It will be used to fund key property acquisitions for leasing purposes.

On March 6, 2020, the Company acquired two floors and eighteen parking slots at a commercial building located within in Metro Manila for ₱184.4 million, inclusive of VAT.

5. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

Details of this account are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on Hand	**52,002**	52,002
Cash in Banks	**189,535,386**	282,499,543
Cash Equivalents	**100,000,000**	-
	289,587,388	282,551,545

Cash in banks earn interest at the respective bank deposit rates. Cash in banks include unused proceeds from IPO (Note 4). Cash equivalents as at March 31, 2021 are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn annual interest at 3.25%.

6. Trade and Other Receivables

This account consists of:

	Note	**March 31, 2021 (Unaudited)**	**December 31, 2020** (Audited)
Trade:			
Third parties		13,368,962	10,985,370
Related parties	13	1,705,370	1,867,620
Accrued rent		1,147,683	1,147,683
Others		1,563,344	2,124,644
		17,785,359	16,125,317
Less allowance for ECL		1,089,473	1,089,473
		16,695,886	**15,035,844**

Aging Analysis of Trade and Other Receivables

September 30, 2020	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		1 to 30 Days	31 to 60 Days	More than 60 Days	
RECEIVABLES					
Trade receivables	5,765,242			7,603,720	13,368,962
Accrued rent	1,147,683			-	1,147,683
Accrued asset management				1,126,504	1,126,504
Advances to officers and employees	616,341			155,410	771,751
Due from related parties				578,866	578,866
Less allowance for doubtful accounts	(1,089,473)			-	(1,089,473)
	6,439,793	-	-	9,464,500	15,904,293

No provision for ECL on trade and other receivables was recognized for the three-month periods ended March 31, 2021 and March 31, 2020.

Trade receivables are noninterest-bearing and are generally collectible in the succeeding month.

Accrued rent receivable pertains to straight-line adjustments in accordance with the accounting for leases.

7. Investment Properties

Movements in this account are as follows:

	Note	March 31, 2021 (Unaudited)		
		Condominium Units and Parking Slots	**Initial Leasing Cost**	**Total**
Cost				
Balance at beginning of period		**675,204,477**	**5,716,170**	**680,920,647**
Additions		**168,094,976**	**570,550**	**168,665,526**
Balance at end of period		**843,299,453**	**6,286,720**	**849,586,173**
Accumulated Depreciation and Amortization				
Balance at beginning of period		**391,582,713**	**5,482,805**	**397,065,518**
Depreciation	11	**8,298,734**	**157,348**	**8,456,082**
Balance at end of period		**399,881,447**	**5,640,153**	**405,521,600**
Carrying Amount		**443,418,006**	**646,567**	**444,064,573**

	December 31, 2020		
	Condominium Units and Parking Slots	Initial Leasing Costs	Total
Cost			
Balance at beginning of period	675,204,477	5,716,170	680,920,647
Additions	165,535,655	371,375	165,907,030
Balance at end of period	840,740,132	6,087,545	846,827,677
Accumulated Depreciation and Amortization			
Balance at beginning of period	359,287,802	4,594,222	363,882,024
Depreciation and amortization	32,294,911	888,583	35,555,694
Balance at end of period	391,582,713	5,482,805	399,437,718
Carrying Amount	449,157,419	604,740	449,762,159

This account consists mainly of condominium units and parking slots in 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. This also includes initial direct cost which consists of unamortized portion of commission incurred for lease transactions.

On March 6, 2020, the Company acquired two floors and eighteen parking slots at a commercial building located within in Metro Manila for ₱184.4 million, inclusive of VAT.

Leasing revenue earned from investment properties amounted to **₱14.6** million and **₱66.0** million for the three-month periods ended March 31, 2021 and 2020, respectively (Note 15).

Direct costs incurred related to the investment properties amounted to ₱10.0 million and ₱44.5 million for the three-month periods ended March 31, 2021 and 2020, respectively (Note 11).

The fair value of the investment properties amounted to ₱869.2 million based on the appraisal made by an accredited independent appraiser. The latest appraisal report is dated July 6, 2018. The fair value of investment properties has been categorized as Level 2. Fair value was based on the market data and income approach. Market data relies on the comparison of sale transactions or offering of similar properties which were offered in the market as of valuation date and income approach measures the current value of a property by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the property.

Depreciation recognized in the statements of comprehensive income consists of the following:

	Note	For the Three-Month Periods Ended March 31	
		2021 Unaudited	2020 Audited
Investment Properties:			
Condominium Units and Parking Slots		8,298,734	7,786,474
Initial Leasing Cost		157,348	371,816
		8,456,082	8,158,290
Property Equipment		158,662	46,752

	8,614,744	8,205,042

The depreciation of initial leasing cost is presented as "Commission" under "Costs of Services" account (Note 11). The depreciation of property and equipment is included in "Others" under "General and Administrative Expenses" account (Note 12).

8. Property and Equipment

Movements in this account are as follows:

	March 31, 2021 (Unaudited)		
	Office Improvement	**Office Equipment**	**Total**
Cost			
Balance at beginning of period	**2,123,475**	**542,264**	**2,665,739**
Additions	**-**	**69,648**	**69,648**
Disposal	**-**	**-**	**-**
Balance at end of period	**2,123,475**	**611,912**	**2,735,387**
Accumulated Depreciation and Amortization			
Balance at beginning of period	**389,628**	**186,001**	**575,629**
Depreciation and amortization	**110,596**	**48,066**	**158,662**
Disposal	**-**	**-**	**-**
Balance at end of period	**500,224**	**234,067**	**734,291**
Carrying Amount	**1,623,251**	**377,845**	**2,001,096**

	December 31, 2020 (Audited)		
	Office Improvement	Office Equipment	Total
Cost			
Balance at beginning of period	155,438	358,205	513,643
Additions	1,968,037	184,059	2,152,096
Disposal		0	0
Balance at end of period	2,123,475	542,264	2,665,739
Accumulated Depreciation and Amortization			
Balance at beginning of period	15,934	30,818	46,752
Depreciation and amortization	373,694	155,183	528,877
Disposal	0	0	0
Balance at end of period	389,628	186,001	575,629
Carrying Amount	1,733,847	356,263	2,090,110

9. **Accounts and Other Payables**

This account consists of:

	March 31, 2021	December 30, 2020
Security deposits	**15,909,104**	15,405,793
Advance rent	**11,208,926**	10,145,947
Accruals	**6,184,472**	5,959,944
Statutory payables	**7,799,049**	6,855,722
Due to related parties	**181,771**	396,317
Deferred credits	**97,888**	97,888
Reservation deposit	**218,700**	218,700
Others	**200,630**	200,630
	41,800,540	39,280,941

Accrued expenses mainly pertain to condominium dues, professional fees, salaries and employee benefits, among others. These are normally settled within one year.

Statutory payables include output VAT payable and withholding taxes which are normally settled within the next month.

10. **Equity**

Capital Stock

This account consists of:

	March 31, 2021(Unaudited)		December 31, 2020 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Common Shares				
Authorized:				
Balance at beginning of period - 10 par value	**365,000,000**	**365,000,000**	365,000,000	365,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	**277,000,000**	**277,000,000**		
Effect of stock split	**0**	**0**		
Balance at end of period	**642,000,000**	**642,000,000**	365,000,000	365,000,000
Issued and outstanding:				
Balance at beginning of period	**201,057,609**	**201,057,609**	201,057,609	201,057,609
Effect of stock split	**0**	**0**		
Stock dividends	**0**	**0**		
Issuance	**0**	**0**		
Balance at end of period	**201,057,609**	**201,057,609**	201,057,609	201,057,609

	March 31, 2021(Unaudited)		December 31, 2020 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares				
Authorized:				
Balance at beginning of period - 10 par value	**255,000,000**	**255,000,000**	255,000,000	255,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	**0**	**0**		0
Effect of stock split	**0**	**0**	0	0
Balance at end of period	**255,000,000**	**255,000,000**	255,000,000	255,000,000
Issued and outstanding:				
Balance at beginning of period	**255,000,000**	**255,000,000**	255,000,000	255,000,000
Effect of stock split	**0**	**0**		0
Balance at end of period	**255,000,000**	**255,000,000**	255,000,000	255,000,000

Preferred shares are non-voting and shall be redeemable at such dates and in such number of shares as may be determined by the BOD.

As discussed in Note 1, on March 7, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱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 BOD and stockholders declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱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.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360.0 million, net of offer expenses of ₱24.8 million (Notes 1 and 4).

Additional Paid-in Capital

Movements in this account are as follows:

	March 31, 2021(Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**299,519,764**	299,519,764
Additions	**0**	
Costs of issuance	**0**	
Balance at end of period	**299,519,764**	299,519,764
	-	-

EPS

Basic and diluted EPS were computed as follows:

	Unaudited	
	For the Three-Month Periods Ended March 31	
	2021	2020
Net Income	1,175,002	10,733,786
Divided by weighted average number of outstanding common shares	201,057,609	201,057,609
	0.01	0.05

11. **Cost of Services**

This account consists of:

		Unaudited	
		For the Three-Month Periods Ended March 31	
	Note	2021 Unaudited	2020 Audited
Depreciation	7	8,298,734	7,786,474
Taxes and licenses		749,589	830,934
Salaries and employee benefits		786,058	1,477,861
Commission	7	157,348	371,816
		9,991,729	10,467,085

12. **General and Administrative Expenses**

This account consists of:

	Unaudited	
	For the Three-Month Periods Ended March 31	
	2021 Unaudited	2020 Audited
Taxes and Licenses	267,767	293,192
Condominium Dues	1,670,568	350,995
Professional Fees	499,653	711,646
Salaries and Other Employee Benefits	570,311	867,758
Selling and Marketing	-	7,143
Transportation and Travel	50,757	209,202
Contracted Services	838,454	754,566
Repairs and Maintenance	3,185	300
Interest	-	79,310
Directors' Fees	-	180,000
Subscription Expense	54,925	44,465
Office Supplies	7,991	92,087
Utilities	37,626	106,131
Others	309,405	510,148
	4,310,642	4,206,943

Others mainly pertain to depreciation of property and equipment.

13. **Related Party Transactions and Balances**

The Company, in the normal course of its operations, has various transactions and balances with its related parties as described below:

Related Party	Nature of Transactions	Year	Transactions during the period	Trade and Other Receivables (Note 6)	Accounts and Other Payables	Due to Related Parties (Note 9)
Entities under common management						
	Asset Managemer	2021	8,581			
		2020	15,385,000			
	Contracted Servic	2021	838,454			
		2020	3,016,966			
	Commission Expe	2021	157,348			
		2020	888,583			
	Condominium Du	2021	1,670,568			
		2020	1,543,818			
	Leasing Revenue	2021	14,593,089			
		2020	66,023,329			
	Management Fee	2021	-			
		2020				
	Management Inco	2021	82,353			
		2020	329,412			
	Cash Advance	2021				
		2020				
Stockholders						
	Director's Fee	2021				
		2020	1,100,000			
	Non-interest bearing cash advances	2021				
		2020				
		2021	17,350,393			
		2020	88,287,108			

Outstanding accounts and other payables to related parties are included as part of "Accrued expenses" account (Note 9).

Management Agreements

The Company has entered into management agreements with its related parties as follows:

- Asset management, legal and finance services agreement for a fixed monthly fee until February 28, 2019. Management fee expense amounted to ₱240,000 for the three-month periods ended March 31, 2021 (Note 12).

- Operational, financial and administration services agreement for a fixed monthly fee. Management income earned amounted to ₱82,353 and 75,000 for the three-month periods ended March 31, 2021 and 2020.

- Asset management for a fixed monthly fee starting March 2019. Total asset management revenue amounted to ₱8.6 thousand and ₱5.6 million for the three-month periods ended March 31, 2021 and 2020, respectively.

- Commission agreement for a predetermined fee. Commission revenue which is included as part of asset management revenue, amounted to ₱8.6 thousand and ₱.3 million for the three-month periods ended March 31, 2021 and 2020, respectively.

- **Service Agreement**
  On March 1, 2019, the Company has entered into a service agreement with a related party under common management for a fixed monthly fee for the finance, human resources, information and communication technology, and internal audit services.

  - The agreement is for a period of one year and is renewable upon mutual agreement by the parties. Contracted services amounted to ₱.84 million and ₱.75 for the three-month periods ended March 31, 2021 and 2020. (Note 12).

  Compensation of Key Management Personnel
  The compensation of key management personnel amounted ₱.78 million and ₱1.5 for the three-month periods ended March 31, 2021 and 2020. This is mainly composed of salaries and other short-term employee benefits.

  Terms and Conditions of Transactions with Related Parties
  Transactions with related parties are noninterest-bearing, unsecured, settled in cash, and are either payable on demand or settled within one year.

14. **Income Tax**

The current income tax expense represents regular corporate income taxes using optional standard deductions (OSD) in 2021 and 2020.

The reconciliation between the provision for income tax at statutory rate and the Company's tax expense as shown in the unaudited interim statements of comprehensive income is as follows:

	Unaudited	
	For the Three-Month Periods Ended March 31	
	2021 (Unaudited)	2020 (Audited)
Income Tax at Statutory Tax Rate	358,352	5,959,684
Tax effects of:		
Difference between OSD and itemized deductions	(534,426)	(2,224,487)
Interest income subjected to final tax	(262,391)	(44,018)
Nontaxable income	-	(1,556,931)
Nondeductible expenses	1,077,661	4,361,889
Advance rent	265,745	(5,354,354)
ILC	(103,301)	
	801,640	1,141,783

The components of the Company's net deferred tax assets are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred tax assets:		
Advance rent	**6,222,846**	6,222,846
Allowance for ECL	**1,089,473**	1,089,473
	5,133,373	**5,133,373**
Deferred tax liabilities:		
Initial leasing cost	**2,898,070**	2,898,070
Accrued rent	**1,147,683**	1,147,683
	1,750,387	1,750,387
Net deferred tax assets	**3,382,986**	3,382,986

15. **Significant Contracts and Agreements**

Operating Lease Agreements- Company as a Lessor

The Company has various operating lease contracts with third parties and a related party under common management for the lease of its condominium units and parking slots for varying periods (ranging from one up to six years) and renewable upon mutual agreement. These were subjected to certain escalation clauses ranging from 3% to 10% per year.

Total leasing revenue from these operating leases amounted to ₱14.6 million and ₱66.0 million for the three-month periods ended March 31, 2021 and 2020, respectively, as shown in the unaudited interim statements of comprehensive income.

The aggregate future minimum annual rent receivables are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Within one year	**49,059,211**	54,350,905
After one year but not more than five years	**9,915,816**	10,985,370
	58,975,027	65,336,275

Advance rent presented in the unaudited interim statements of financial position received by the Company in relation to the lease agreements are classified as follows:

	Note	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
Current	9	**11,208,925**	10,145,947
Noncurrent		**1,793,621**	1,793,621
		13,002,546	11,939,568

Security deposits are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements.

Roll forward analysis of security deposits is as follows:

	March 31, 2021(Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**17,783,822**	18,520,974
Refund		(1,906,727)
Additions	**503,311**	1,101,611
Accretion of interest		67,964
Balance at end of period	**18,287,133**	17,783,822
Current portion	**15,909,104**	15,405,793
Noncurrent portion	**2,378,029**	2,378,029

Roll forward analysis of deferred credits is as follows:

	March 31, 2021(Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**114,537**	173,226
Amortization		(58,689)
Additions	**0**	
Balance at end of period	**114,537**	114,537
Current portion	**97,888**	97,888
Noncurrent portion	**16,649**	16,649

Amortization of deferred credits is recorded as part of "Revenue" in the unaudited interim statements of comprehensive income.

16. **Financial Risk Management Objectives and Policies**

The Company's financial instruments are composed of cash and cash equivalents, trade and other receivables, due from related parties), security deposits, advance rent, rent payable, accruals, due to related parties and other payables. The main purpose of these financial instruments is to fund the

Company's operations. The Company is exposed to financial risks, which result from its operating activities. The key financial risks to which the Company is exposed to are credit risk and liquidity risk.

Credit Risk

The Company assessed that its exposure to credit risk is minimal. Trade receivables arise mainly from transactions with customers with good credit rating or bank standing. The Company regularly updates the status of accounts that remain uncollected beyond a reasonable period of time.

Further, the Company holds post-dated checks for most of its lease contracts to cover the trade receivables.

For due from related parties, management considers the current financial status of the related parties and their available assets to pay the outstanding receivables.

The Company's cash in banks, cash equivalents and short-term investments are deposited with highly reputable and pre-approved financial institutions with good credit standing in the local banking industry thus the management assessed that the ECL from these financial assets are very minimal.

There are no significant concentrations of credit risk within the Company.

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.

Definition of Default. The Company considers a financial asset to be in default when a customer fails to pay the receivables in full or the receivable is more than 30 days past due.

Liquidity Risk

Liquidity risk relates primarily to the Company's working capital requirements. The Company aims to manage working capital and maintain flexibility in funding.

The Company monitors its cash position by a system of cash forecasting. All expected collections, cash disbursements and other payments are determined to arrive at the projected cash position.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Company considers the following as its core capital aggregating as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Capital stock	**456,057,609**	456,057,609
Additional paid-in capital	**299,519,764**	299,519,764
Retained earnings	**58,513,384**	57,338,378

	814,090,757	812,915,751

17. **Fair Values of Financial Instruments**

The following is a comparison by category of carrying amounts and fair values of all the Company's financial instruments that are reflected in the financial statements:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**₱ 289,587,388**	**₱ 289,587,388**	₱282,551,545	₱282,551,545
Trade receivables	**13,368,962**	**13,368,962**	10,985,370	10,985,370
	₱ 302,956,350	**₱ 302,956,350**	₱293,536,915	₱293,536,915

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Security deposits	**15,909,104**	**15,909,104**	15,405,793	15,405,793
Accrued expenses	**6,184,472**	**6,184,472**	5,959,944	5,959,944
Due to a related party	**181,771**	**181,771**	396,317	396,317
Other payables	**19,525,193**	**19,525,193**	17,518,887	17,518,887
	41,800,540	**41,800,540**	39,280,941	39,280,941
	-		-	

The carrying amounts of cash in banks and cash equivalents, short-term investments, trade receivables, accruals, rent payable, due to a related party and other payables approximate their respective fair values due to the short-term nature and maturities of the accounts.

The fair value of security deposits is based on discounted cash flow methodology using the risk free rates similar borrowings with maturities consistent with those of liabilities being valued. The discount rates used ranged from 1.73% to 6.94% for the three-month period ended March 31, 2021 and for the year ended December 31, 2020.

For the three-month period ended March 31, 2021 and for the year ended December 31, 2020, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

18. **Segment Information**

The Company's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different market.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist primarily of cash and cash equivalents, receivables, investment properties and property and equipment, among others. Segment liabilities include all operating liabilities and consist primarily of accounts and other payables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income in the unaudited interim financial statements.

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. For management purposes, the Company is organized into business units based on the services rendered and has one reportable operating segment:

- Leasing - This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City.

Business Segment Information

The following table presents the revenue and expenses for the periods ended March 31, 2021 and 2019 and certain assets and liabilities for the period ended March 31, 2021 and year-ended December 31, 2020 information of the Company's business segments:

	March 31, 2021 (Unaudited)			
	Leasing	**Asset Management**	**Others**	**Total**
Results of Operations				
Revenues:				
Third parties	14,593,089			14,593,089
Related parties		8,581		8,581
	14,593,089	8,581	-	14,601,670
Cost of services	9,991,729			9,991,729
Other expenses	4,310,642			4,310,642
Operating income	290,718	8,581	-	299,299
Interest income				
Other income	1,134,108			1,134,108
Income tax expense	258,405			258,405
Net income (loss)	1,166,421	8,581	-	1,175,002
Assets and Liabilities				
Assets	860,079,598			860,079,598
Liabilities	45,988,839			45,988,839

Other Segment Information

Additional capital expenditures:

Investment properties	168,665,526		168,665,526
Property and equipment	69,648		69,648
Depreciation	8,614,744		8,614,744

	March 31, 2020 (audited)			
	Leasing	Asset Management	Others	Total
Results of Operations				
Revenues	19,450,108	5,637,746		25,087,854
Cost of services	10,467,085			10,467,085
Other expenses	4,206,943			4,206,943
Operating income	4,776,080	5,637,746	-	10,413,826
Interest income				
Other income	3,045,083			3,045,083
Income tax expense	2,725,123			2,725,123
Net income	5,096,040	5,637,746	-	10,733,786
				-
Assets and Liabilities				
Assets	846,400,473			846,400,473
Liabilities	42,585,400			42,585,400
Other Segment Information				
Additional capital expenditure –				
Investment properties	164,967,371			164,967,371
Property and Equipment	2,152,096			2,152,096
Depreciation	8,428,093			8,428,093

	December 31, 2020 (Audited)			
	Leasing	Asset Management	Corporate and Others	Total
Assets and Liabilities				
Assets	856,384,991			856,384,991
Liabilities	43,469,240			43,469,240

KEPWEALTH PROPERTY PHILS., INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT AND FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020, AND
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

	March 31, 2021	March 31, 2020	December 30, 2020
	(Unaudited)	(Audited)	(Audited)
Liquidity Ratio	7.66	9.31	7.91
Current assets	**320,320,361**	349,746,572	310,839,155
Current liabilities	**41,800,540**	37,571,778	39,280,941
Solvency Ratio	0.22	0.50	1.37
Income before income tax and depreciation	**9,890,803**	21,422,268	59,342,968
Total liabilities	**45,988,839**	42,585,400	43,469,240
Debt-to-equity Ratio	0.06	0.05	0.05
Total liabilities	**45,988,839**	42,585,400	43,469,240
Total equity	**814,090,757**	803,815,073	812,915,751
Asset-to-equity Ratio	0.95	0.95	0.95
Total assets	**860,079,598**	846,400,473	856,384,991
Total equity	**814,090,757**	803,815,073	812,915,751
Interest Rate Coverage Ratio		169.70	221.12
Income before income tax and interest	**1,433,407**	13,458,909	26,519,180
Interest expense	**-**	**79,310**	**119,932**
Profitability Ratio			
Return on equity	**0.14%**	1.34%	2.44%
Return on total assets	**0.14%**	1.27%	2.32%
Net income margin	**8.05%**	42.78%	24.36%
Gross margin	**31.57%**	58.28%	45.32%
Operating margin	**2.05%**	41.51%	24.27%

KEPWEALTH PROPERTY PHILS., INC.

SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

AS AT MARCH 31, 2021

	Estimated	Actual	Balance
Gross Proceeds	**₱ 384,767,164**	**₱ 384,767,164**	**₱–**
Offer Expenses	21,739,481	24,781,567	**(3,042,086)**
Net Proceeds	**₱ 363,027,683**	**₱ 359,985,597**	**₱(3,042,086)**

The details of the estimated and actual application of the proceeds are as follows:

	Estimated	Actual	Balance
Gross Proceeds	**₱384,767,164**	**₱384,767,164**	**₱–**
Use of Proceeds			
Acquisition of office space in:			
Metro Manila	245,000,000	188,665,751	56,334,249
Davao City	120,000,000	-	120,000,000
	19,767,164	**196,101,413**	**(176,334,249)**
Offer Expenses	**21,739,481**	**24,781,567**	**(3,042,086)**
Unapplied Proceeds	**₱(1,972,317)**	**171,319,846**	**(173,292,163)**

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

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

KEPWEALTH PROPERTY PHILS., INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

AS AT MARCH 31, 2021 AND DECEMBER 31, 2020 AND
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

1. FINANCIAL CONDITION

As at March 31, 2021 compared to as at December 31, 2020

The total assets of Kepwealth Property Phils., Inc. (the Company) increased by ₱3.7 million or by 0.43% from December 31, 2020.

Material changes in asset accounts are analyzed as follows:

a. The net increase in cash and cash equivalents of ₱7.0 million (2%) is mainly due to the cash inflows for the collections of receivables and decrease in other noncurrent assets of ₱5.8 million mainly pertaining to the increase in life of investment properties. This was offset by cash inflows from proceeds of matured short-term investments of ₱50.3 million and net cash provided by operating activities of ₱12.4 million.

b. The increase in trade and other receivables by ₱1.7 million (11%) is due to increase in trade receivables from leasing operations.

c. Other current assets increased by ₱.07 million (6%) is mainly due to the current portion of deferred input VAT on the acquisition on investment in properties.

d. Net decrease in investment properties of ₱-5.7 million (-1%) is due to amortization for the year.

e. Net decrease of ₱89.0 thousand (-4%) in property and equipment is due to amortization for the year.

f. No movement in other non-current asset.

The total liabilities of the Company increased by ₱2.5 million (6%) due primarily to advance rentals and security deposit and accruals of expenses for the quarter.

Total equity stood at ₱814 million as at March 31, 2021 compared to ₱813.0 million as at December 31, 2020 increase by ₱1.2 million (0.14%) representing the net income for the quarter.

The movements in the Company's retained earnings account represents the net income recognized during the three-month period ended March 31, 2021 amounting to ₱1.2 million.

Relevant financial ratios related to the Company's financial position are liquidity ratio, solvency ratio, debt-to-equity ratio and asset-to-equity ratio.

The Company's liquidity ratio decreased to 7.66:1 as at March 31, 2021 from 7.91:1 as at December 31, 2020 due mainly to termination of asset management segment.

The solvency ratio decreased to 0.22:1 as at March 31, 2021 from 1.37:1 as at December 30, 2020 due to the increased accruals as at period-end.

The debt-to-equity ratio increased to .06:1 as at March 31, 2021 from .05:1 as at December 30, 2020.

The asset-to-equity ratio remained the same 0.95:1 as at March 31, 2021 and December 30, 2020.

2. RESULTS OF OPERATIONS

For the Three-month Period Ended March 31, 2021 Compared to for the Three-month Period Ended March 31, 2020

The Company generated a total of ₱14.6 million revenues from its business segments for the three-month period ended March, 2021 which is ₱10.5 million (-42%) lower than the revenue generated for the same period in the prior year, mainly attributed to the termination of the Asset management segment.

Consequently, gross income is lower by ₱10.0 million (-68%). The total comprehensive income of the Company for the three-month period ended March 31, 2021 registered at ₱1.2 million which is ₱18.7 million (-94%) lower than that of the previous year for the same period.

Key factors to the changes of the items above are as follows:

a. Revenue decreased mainly as a result of termination of asset management operations of the Company which commenced on January 2021.

b. Cost of services decreased by ₱.5 million (-5%) due to the decrease in commission recognized from amortization of initial leasing costs and the incurrence of salaries and employee benefits.

c. General and administrative expenses increased by ₱.1 million (2%). This increase mainly attributed payment of Professional Fees, Salaries and Other Employee Benefits and Contracted Services.

d. Interest income decreased by ₱1.8 million (-.63%) due to interest earned in investments in short-term investments and cash equivalents. The unapplied proceeds of the IPO were temporarily placed in short-term time deposits which earns up to 2.75% interest per annum.

e. Other income composed mainly of penalty payments of tenants.

f. Income tax expense is calculated at RCIT rate using the itemized deductions amounted to ₱4.3 million for the three-month period ended March 31, 2021 vs. ₱5.8 million for the same period last year.

The resulting basic and diluted earnings per share of the Company decreased to 0.01 from 0.05 per share.

Relevant profitability ratios related to the Company's financial performance are return on equity, return on total assets, net income margin, gross margin and operating margin.

The return on equity of the Company decreased from 1.34% to 0.14% due to the decrease in net income and increase in the average balance of equity.

The return on assets also decreased from 1.27% to 0.14% due also to the decrease in net income and increase in the average total asset base.

Net income margin has decreased to 8.05% from 42.78% while the gross margin decreased to 31.57% from 58.28% when compared to the same period last year.

Operating margin for the period decreased to 2.05% from 41.51% for the same period last year resulting from the decreased in revenue generated from the Asset management segment.

The leasing operations of the Company accounted for 99.94% of the total segment net income while the asset management operations accounted for .06%.

3. OTHER DISCLOSURES

There were no material events subsequent to the end of the interim period that have not been reflected in the unaudited interim financial statements.

There were no effects of changes in the composition of the Company during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Company has no contingent liabilities or contingent assets as at March 31, 2021.

There are no material contingencies and any other events or transactions that are material to the understanding of the current interim period.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

There are no material commitments for capital expenditures which are out of the scope of the use of proceeds from the IPO.

All significant elements of income or loss were generated from the Company's registered and continuing business operations

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. The National Capital Region and the Metropolitan Cebu were placed under the Enhanced Community Quarantine from March 17, 2020.

DTI Memorandum Circular 20-12 provides concession for the deferral of collection of rentals subject to qualification that the tenants are MSMEs. We are in the process of collating proofs from tenants that they are indeed MSMEs thus a reasonable estimate of the financial effect cannot be made and that the expected effect is only on the timing of cash flows and not a decrement on the amount.

Apart from the above, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.

Management, however, believes that with the Company's strong financial position it can readily meet its maturing obligations and continue as a going concern.

KEPWEALTH PROPERTY PHILIPPINES, INC. SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	KEPWEALTH PROPERTY PHILS. INC. ("KPPI", "we" 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.
Location of Headquarters	Unit IJ01-23 Burgundy Corporate Tower 825 Sen. Gil Puyat Ave., Makati City
Location of Operations	Metro Manila and Cebu, Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	KEPWEALTH PROPERTY PHILS. INC.
Business Model, including Primary Activities, Brands, Products, and Services	Leasing of real property and asset management (office condominium units and parking spaces)
Reporting Period	01 January 2020 to 31 December 2020
Highest Ranking Person responsible for this report	John F. Catindig *Chief Information Officer and Compliance Officer*

Materiality Process

Multiple discussions were conducted with several key persons in the Company, such as the Board of Directors, Executives and Officers as well as the various Stakeholders, to help us ascertain what truly matters to us, to our business and to our stakeholders.

This process greatly contributed to the better understanding of our business perspective and enabled us to craft ways to improve both our financial and non-financial performance.

The following questions were formulated, and answers were made to guide us in this Materiality Process:

1. What does sustainability mean to us? – Sustainability means that our business should be sustainable not only from our perspective but also from the society's point of view. We have identified, evaluated,

and studied the needs of the society to determine what our business can contribute to create a sustainable development of society.

2. What does sustainability mean to our Stakeholders? – Through understanding what sustainability means to our stakeholders by our engagement with them, it helped us validate and enhance our list of material topics. This process assisted us in selecting what topics are important not just to us but also to them.

3. What are the material topics? – By evaluating our business process as a whole, from the entire value chain of our business operations to the identified sustainability topic that are important to us and to our stakeholders, we have determined the economic, environmental, and social topics that we should monitor and improve on moving forward.

4. How to measure the performance and effectiveness of our approaches? – The Company is continuing to create baseline data as the basis for measuring its performance on each identified material topic. The Company followed the Global Reporting Initiative (GRI) Standards and Reporting Principles and the Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies for consolidation guidance and this ensured that the metrics used were right, and the data collected were accurate and comparable. For the year 2020, the Company begun to perform an analysis of gaps in data in each performance area and has started to set up procedures to systematically collect more data to better measure sustainability performance. We have also begun designing management approaches that will help improve performance in these areas.

   The Company will continually assess what is material for us, for our stakeholders, as well as to the society where we do business. We will regularly review our impact to the environment and society, how to improve the same and how we can better communicate these to our stakeholders.

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	88.17 million	PhP
Direct economic value distributed:		
a. Operating costs	33.22 million	PhP
b. Employee wages and benefits	9.1 million	PhP
c. Payments to suppliers, other operating costs	10.8 million	Php
d. Dividends given to stockholders and interest payments to loan providers	Nil	PhP
e. Taxes given to government	15.20 million	PhP
f. Investments to community (e.g. donations, CSR)	Nil	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2020, seventeen percent (17%) of the Company's revenue went to the Government in the form of taxes , another ten percent (10%) went to employees in the form of wages and benefits, and twelve percent (12%) of revenue went to suppliers who are all found in the locality where we do business or found in the Philippines. The office spaces that we either own or are under our management are being used by more than 150 businesses that creates, provides, and/or supports jobs for the community where we operate.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government.	The Company maintains the highest standards of corporate governance, *i.e.* anti-corruption policy, in all our transactions, both in the Government and Private sectors, to safeguard and ensure that economic value flows to the right stakeholders.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Since our suppliers are all local, any unfair practice in their dealings with their own suppliers or employees could pose a risk that prevents us from creating equal opportunity and fair flow of value to the society where we do business. In addition, the unavailability of either suppliers of materials or manpower in the locality where we do business may compel us to engage suppliers from other parts of the country, thus minimizing the job opportunities that we provide in the society where we do business.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government.	Fair Flow of value - Company policies and practices ensure that we pay the fair and reasonable price to all our stakeholders, including suppliers, to ensure fair distribution of economic value to the society. We regularly monitor our tax, wages and benefits, and supplier payments to ensure payment of the correct amounts. For 2020, 80% of revenue flows back to the economy (government, employees, etc.) while the 20% that is retained is reinvested to drive growth and to create more jobs for the society. Equitable distribution of job opportunities. In the society where we do our business, as a policy and practice, the Company ensures that it prioritizes the sourcing of goods and

		services locally provided minimum standards are met. When qualified suppliers do not exist in the locality, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places. Efforts are made to source from MSMEs whenever possible. Equitable access to our products. The office spaces that we either own or manage enable businesses to grow by providing them with the right location coupled with affordable rental rates. This provides them and their clients space to do their business activities. As a company policy, we do not discriminate against local clients by favoring foreign clients or tenants. Office space is available whether the potential client is a local or foreign business. Through this practice, we ensure equal access to our products and services. Ensuring fair compensation to our employees. Our compensation packages are at par with the industry standards in the Philippines to ensure competitiveness in the market. Moreover, we ensure that our employees are paid at least a minimum wage to afford them social safety nets in cases of emergencies.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are opportunities to improve performance, particularly on assessment of the economic performance as well as the policy and practice of our suppliers on anti-corruption and employees' compensation and benefits.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government	The Company will continuously review its policy on accreditation of suppliers and is constantly re-evaluating policies on employee's compensation and benefits to ensure that employees are paid a living wage.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a. Describe the board's oversight of climate-related risks and opportunities.	The Board is primarily responsible for the oversight of the Company's Risk Management policies, including climate-related risks and opportunities, to ensure its functionality and effectiveness.
b. Describe management's role in assessing and managing climate-related risks and opportunities	The Management is responsible for providing accurate and timely information to the Board. The Board, guided by Management, uses this information to assess climate-related risks and opportunities.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The business of the Company may be affected by natural occurrences including typhoons, massive floodings, droughts, volcanic eruptions, and earthquakes as this may disrupt operations of its tenants and/or damage the Company's properties.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	The properties of the Company may be damaged, and the business operations of its tenants may be disrupted resulting in delayed rental collection. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	KPPI conducts thorough technical due diligence and environment scanning of the entire building where it either owns office spaces or which is under its management. Technical due diligence includes environmental studies not just for the specific building but also for the buildings in the adjacent areas as well. 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.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a. Describe the organization's processes for identifying and assessing climate-related risk.	The Company's processes for identifying and assessing climate-related risks are laid out in the Company's Risk Management Policy.
b. Describe the organization's processes for managing climate-related risks.	The Company's processes for managing climate-related risks are defined and discussed in its Risk Management Policy.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Company developed a formal enterprise risk management plan which contains: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies and measure. The main objective of this formal enterprise risk management plan is to reduce any potential impact of risks to the business. This serves as a means of enhancing shareholding value by effectively and efficiently balancing risks and rewards. Furthermore, the Company implements a Risk Policy that states how risks are identified and assessed to formulate strategies in mitigating or eliminating said risk.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Natural catastrophes directly affect the Company's operations. These are measured through the following: ● Number of days of property downtime and business disruption, ● Costs of repair or replaced damage or destroyed assets, and ● Costs for maintenance due to wear and tear on or damage to building/s.
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In order to mitigate or eliminate the exposure to risks, the Company sees the opportunity of improving its business operations through: ● Conducting regular preventive check and maintenance of all assets, ● Retrofitting of office spaces and other developments, ● Tracking the frequency of discussions with Board and Management on climate-

	related risks, ● Tracking the frequency of communication and trainings with employees regarding protocols in situations related to natural catastrophes or severe weather conditions.

[2] *Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non- financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.*

[3] *For this disclosure, impact refers to the impact of climate-related issues on the company*.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company affects the local economy by sourcing its supply requirement directly from the local suppliers.	Local suppliers, and Business partners.	The Company has an established accreditation process and chooses its suppliers based on certain set of parameters. In the society where we do our business, as a policy and practice, the Company ensures that it prioritizes the sourcing of goods and services from local suppliers provided minimum standards are met. When qualified suppliers do not exist, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places of the country. We also make an effort to source from MSMEs whenever possible. The Company is dedicated to supporting local suppliers to help develop the local economy.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Suppliers may lack the technical knowledge to meet the requirements and minimum standards of the Company.	The Company, its suppliers and business partners.	The Company ensures that all suppliers are given equal opportunity to do business. Moreover, all suppliers undergo thorough evaluation and assessment of their technical capabilities to ensure they meet the required minimum standards. Due diligence (background check, submission of corporate and financial documents, government permits and certifications, company and plant visits, and other relevant inquiries) is conducted on suppliers to know their financial condition, employee policies and practices as well as their overall company governance.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company aims to continue providing opportunities to more local suppliers in its areas of operation.	The Company, its suppliers and business partners.	The Company seeks to further enhance its supplier accreditation policy and improve the process to give opportunity to more local suppliers to be future business partners and to establish a long-term relationship with its current business partners.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	65	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Anti-corruption-related policies are communicated to its employees during job orientations. The Company likewise conducts an annual corporate values sessions where these policies are reiterated. Furthermore, these policies are also posted in the Company's website for the information of all stakeholders. The members of the board of directors receive orientation on the Company's Code of Conduct which includes anti-graft corruption policy. The Company is committed to promoting transparency and fairness to all stakeholders.	Employees Directors, Management, Employees, Busines s partners.	The Board sets the policy and guidelines against corrupt practices by adopting anti-corruption policies, including Whistleblowing and Anti-Bribery Policy. These policies were crafted in compliance with the principles and best practices set out in the Company's Manual on Corporate Governance.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company's excellent reputation will be at stake if anti-corruption and other related policies are not well-implemented and communicated to the stakeholders.	The Company, its Board, Management an d Employees as well the entire KPPI Community.	The Company includes a mandatory orientation and discussion of the Anti- Corruption Policies during on the job orientation and during the corporate meetings and annual values sessions.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

The Company is looking to participate or conduct anti-corruption trainings to enhance its anti-corruption policy and practice.	The KPPI Community, specifically its Officers and Employees.	The Company will conduct or participate in regular anti-corruption trainings.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No significant impacts identified, as there are no incidents reported regarding corruption activities within the Company for 2020.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company's excellent reputation will be at stake if anti-corruption and other related policies are not well-implemented and communicated to the stakeholders.	The Company, its Board, Management and Employees as well the entire KPPI Community.	The Company includes a mandatory orientation and discussion of the Anti-Corruption Policies of the Company to during on the job orientation, before commencement of new officers, and during the corporate meetings and annual values session.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is looking to participate or conduct anti-corruption trainings to enhance its anti-corruption policy and practice.	The KPPI Community, specifically its Officers and Employees.	The Company will conduct or participate in regular anti-corruption trainings.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Not applicable	GJ
Energy consumption (gasoline)	Not applicable	GJ
Energy consumption (LPG)	Not applicable	GJ
Energy consumption (diesel)	Not applicable	GJ
Energy consumption (electricity)	967,502.92	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	n/a	GJ
Energy reduction (LPG)	n/a	GJ
Energy reduction (diesel)	n/a	GJ
Energy reduction (electricity)*	899,677.8	kWh
Energy reduction (gasoline)	n/a	GJ

**Reduction as compared to the consumption from 2018*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For offices spaces that are either owned or under its management, as well as in its administrative offices, the Company manages the energy consumption in these areas by understanding the business of clients and properly monitoring and regulating energy consumption to avoid unnecessary wastage of energy resources.	KPPI, clients/tenants and our employees.	The Company monitors and manages energy consumption by understanding the business of clients and their energy requirements. The Company is able to effectively and efficiently use energy resources through this process.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Power interruptions may occur as a result of natural catastrophes which will disrupt business operations.	KPPI, clients/tenants and our employees	The Company makes sure that its office spaces, as well as its administrative offices, are serviced by a reliable electricity distributor which is capable of restoring power in the fastest time possible during natural catastrophes. The Company maintains a back-up power source to minimize the effect of power interruptions.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is exploring the viability of using the latest available technologies to efficiently use energy from renewable sources.	KPPI, clients/tenants and our employees	The Company started research in identifying ways to further improve the current energy situation of its office spaces, giving priority on the viability of using the latest technologies that will enable it to effectively and efficiently use renewable energy sources.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	n/a	Cubic meters
Water consumption	2,602.44	Cubic meters
Water recycled and reused	n/a	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The Company manages the water consumption in its office spaces by understanding the business of our clients and monitoring and regulating their water consumption to avoid unnecessary wastage of water resources.	KPPI, clients/tenants and our employees.	The Company monitors and manages water consumption in its offices by understanding the business of clients and their water requirements. The Company is able to effectively and efficiently use water resources through this process.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company may experience water shortages especially during the summer season, which may bring discomfort to its clients/tenants.	KPPI, clients/tenants and our employees.	The Company makes sure that its office spaces as well as its administrative offices are serviced by a reliable water distributor which is capable of restoring water shortages in the fastest time possible during water interruption and shortages.

		Also, the Company installed elevated water tanks to store water in cases of short-term water shortages.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is looking into the possibility of installing a water-recycling facility or equipment as alternative source for other water requirements, such as comfort room sanitation or landscape.	KPPI, clients/tenants and our employees.	The Company started research on the viability of installing water-recycle facilities or equipment to effectively and efficiently re-use water consumption and minimize water waste.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
● Renewable	n/a	kg/liters
● non-renewable	n/a	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	n/a	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	Ha

IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

The Company has no significant impacts to lands with high biodiversity value or near protected areas.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Environmental impact

management Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Air pollutants

Disclosure	Quantity	Units
NOx	N/A	kg
Sox	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

**Environmental laws and regulations that are implemented by the Department of Energy and Natural Resources (DENR) particularly those that govern air emissions, water and wastewater discharges, odor emissions, and management and disposal of solid and hazardous materials.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company can freely conduct and advertise its business and upcoming projects. The Company is accorded a good reputation.	KPPI, its Clients /Tenants our Employees, Government, Suppliers and Business Partners	The Company has a dedicated team to track environmental law compliances from business development to post business development stage.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Non-compliance may affect the capacity of the Company to generate revenue and negatively affect its financial performance. Moreover, this may cause delay in the implementation of key pipeline projects knowing that there are pending compliances that need to be dealt with.	KPPI, its Clients /Tenants our Employees , Government, Suppliers and Business Partners	The Company aligns its operations, such as the leasing and asset management, with modern technologies as means to efficiently implement sanitation, environment, and safety laws and regulations with minimal cost.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company considers the application for certifications and other environmental initiatives such as ISO 140001 to contribute to the betterment of the environment.	KPPI, its Clients/Tenants our Employees , Government, Suppliers and Business Partners	KPPI continuously conducts research on how to further enhance its current practices to help preserve the environment.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]		
a. Number of female employees	5	#
b. Number of male employees	5	#
Attrition rate[6]	63%	Rate
Ratio of lowest paid employee against minimum wage	1.29	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0	0
Vacation leaves	Y	100%	100%
Sick leaves	Y	0	0
Medical benefits (aside from PhilHealth))	Y	0	0
Housing assistance (aside from Pag- ibig)	Y	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	Y	0	0
Company stock options	Y	0	0
Telecommuting	Y	100%	100%
Flexible-working Hours	Y	0	0
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures employee diversity and provides compensation and benefit packages that are not only at par with the industry standards but also more than what is being asked by the labor standards/laws.	As a policy and practice, the Company prioritizes the hiring of talents locally provided the applicant meets the minimum standards. When a qualified applicant does not exist in the locality, the Company is constrained to hire other people from other cities in Metro Manila and other places of the country. The Company's recruitment policies include employee diversity because it believes that the broader pool of talent means greater chance of finding the optimum person for the job. The Company also recruits based on the skills that are needed to qualify for the duties and responsibilities set for the job and not because of personal attributes such as age or gender. KPPI values the hard work of its employees by rewarding them with proper compensation and benefits and trainings.
What are the Risk/s Identified?	Management Approach
The Company sees problems in the hiring of qualified personnel in the locality where we operate and also the retention of such qualified personnel due to competition from other employers. The Company may be forced to engage third-party consultants to assist in hiring of qualified personnel which will impose additional costs.	The Company offers competitive compensation and benefit packages and provides trainings for employee development. The Company also offers opportunities for professional growth to all employees, based on merit and performance, as part of its retention program.
What are the Opportunity/ies Identified?	Management Approach
The Company ensures business continuity and has a succession plan by implementing job promotions and rotations, and intends to provide training programs to its employees.	Job promotions enable employees to grow within the company. Job rotations enable employees to increase their flexibility and improve their skills by working in other departments. Continued education and mentorship through leadership trainings and management development programs are provided for the growth of the employee.

[5] *Employees are individuals who are in an employment relationship with the organization, according to national law or its*

application (GRI Standards 2016 Glossary)

[6] *Attrition are = (no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)*

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	Hours
b. Male employees	0	Hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company will provide its employees with relevant training to educate them on the latest trends and issues relating to the nature of their work, to upgrade skills, and to help and prepare them for a higher level of responsibility.	The Company will schedule several trainings for its officers and employees on the latest trends and issues in the industry, nature of their work, and to obtain new skills aside from the enhancement of the existing ones. These will help and prepare them for a higher level of responsibility. As a matter of policy, and considering its size, the Company makes it a point to hire officers and staff that already have the skill and knowledge for the positions they are hired. This minimizes the requirement for training. Training will only be done if there are new systems/processes that the Company wants and intends to acquire and implement. The Company believes that continuous training will provide a constant pool of executive-quality personnel ready for promotion anytime.
What are the Risk/s Identified?	Management Approach

If the Company will fail to maintain a competitive workforce, this may also lead to the Company losing its competitiveness in the industry it operates.	The Company will schedule several training sessions for its officers and employees on the latest trends and issues in the industry, nature of their work, and to obtain new skills aside from the enhancement of the existing ones. These will help and prepare them for a higher level of responsibility. The Company conducts regular performance evaluation to monitor the employee's progress,

	to identify areas for improvement, and to assess any need for specific trainings for professional growth.
What are the Opportunity/ies Identified?	Management Approach
The Company will award its employees who have performed excellent work in their respective fields.	The Company provides merit increase, performance bonuses and promotion to deserving employees regardless of age or tenure. The Company is not afraid to invest in its employees by giving them more training to prepare them for higher responsibilities to ensure their success as they grow within the organization.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	At least once-a-year Company-wide discussion.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

The Company does not have an existing labor union, nevertheless, it encourages the participation of the employees using other platforms like surveys, regular staff meetings, and coordination meetings.	The Company has established policies, programs and procedures that encourage its employees to participate in the realization of the Company's goals and in its governance. The Company pursues and values its relationship with its employees; hence, it established a framework that allows its employees to communicate their concerns with the Management without fear of retaliation.
What are the Risk/s Identified?	Management Approach
No risks identified since the Company values and encourage employee participation even if the Company is without a Union.	
What are the Opportunity/ies Identified?	Management Approach

The Company was able to know various concerns of its employees through its different programs that encouraged and allowed employee participation. Furthermore, the Company will always work to address every work-related concern of its employees.	The Company is continuing to expand its existing platforms to enhance employee's capacity to communicate concerns directly to Management without fear of any retaliation from anyone in the organization. Further to this, the Company is monitoring concerns to assess the Company's efficiency in addressing the concerns of its employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	50	%
% of male workers in the workforce	50	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

The Company does not discriminate as to age, gender, religion, marital status, cultural background, or place of origin. The Company gives equal opportunity to all jobseekers and this allows the Company to hire the best possible candidate for the job.	The Company does not discriminate in its hiring process. For as long as the candidate is in possession of the qualifications needed for the job, the Company will not hesitate to hire the said candidate. As of the reporting year, the Company has employed more female employees than male employees.
What are the Risk/s Identified?	Management Approach
No risks identified.	
What are the Opportunity/ies Identified?	Management Approach
With the Company's plan for further expansion, it is expecting to provide more employment opportunities to the locality where we operate.	The Company accepts job applications through several platforms such as but not limited to online job posting sites, through our website, walk-ins and job-fairs. Through these avenues, we provide and expand the jobseeker's opportunity to be part of the Company.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company values the safety of its Officers, Employees, Clients/Tenants and other stakeholders that transact business with us.	It is a policy and practice of the Company to regularly conduct safety-related drills such as but not limited to Covid 19 safety & prevention protocols, fire drills and earthquake drills. The Company encourages not only its employees to participate in the said drills, but also our clients/tenants as well as other stakeholders that transact business with us.
What are the Risk/s Identified?	Management Approach
Risks associated with Occupational Health and Safety are always present in any organization.	As mentioned above, the Company regularly conducts safety related drills. protocols and encourages participation of its employees, clients/tenants as well as other stakeholders so that everyone may be well-informed on what to do when emergencies will occur.
What are the Opportunity/ies Identified?	Management Approach

The Company is always looking for ways to improve the way it manages the risks for Occupational Health and Safety. Like every organization, the Company will continuously review and reassess its approaches toward managing the said risks.	The Company's processes for identifying and assessing these risks are laid out in the Company's Enterprise Risk Management plan, as provided for in the Company's Manual on Corporate Governance.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.
Child labor	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.
Human Rights	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
During the reporting year, there were no incidents in relation to human rights violation or discrimination in the Company, as KPPI continues to acknowledge and provide the utmost respect to labor laws and human rights in the workplace.	Respect for Human Rights is the foundation of the Company's culture as it wants to create a safe space for employees that does not discriminate based on personal background, age, gender, marital status, cultural background or place of origin.
What are the Risk/s Identified?	Management Approach

Non-compliance to labor laws and human rights may cause strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations that will negatively reflect on the Company's employees' productivity and the Company's reputation.	It has been a policy and practice of the Company to strictly comply with the existing labor laws and regulations and any and all laws/statutes promulgated by our duly constituted authorities.
What are the Opportunity/ies Identified?	Management Approach
The Company continues to provide a mechanism through various platforms that will give our employees confidence to freely communicate their concerns without fear of retaliation including workplace discrimination and bullying.	The Company has an existing whistle blowing mechanism as laid out in the Company's Code of Business Conduct and Ethics. The policy encourages its employees to communicate their concerns about illegal, fraudulent or unethical behavior, including both perceived and actual irregularities, while protecting them from potential retaliation.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The Company is in the process of finalizing this Policy but has been instituting competitive bidding and conducting due diligence to ensure that all suppliers have the necessary permits, licenses, authorities from original equipment manufacturers/distributors, have been verified to have performed the same supply/service contract for other clients, and have no known adverse track record.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	
Forced labor	N/A	
Child labor	N/A	
Human rights	N/A	
Bribery and corruption	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Through the Company's Accreditation process, the Company is able to assess environmental as well as social impacts of its suppliers.	The Company maintains an accreditation process of its suppliers to attain the needs and specifications of the Company. Particularly, the Company chooses its suppliers after it has undergone thorough evaluation and assessment of their technical capabilities. They are also assessed on their financial condition, employee policies and practices, and their overall company governance. This is done through background investigation, submission of complete and updated financial documents, government permits and certifications, company and plant visits, and other relevant inquiries. In addition, the Company investigates the production capacity, compliance with standards and regulations, their legitimacy of their operations as these criteria reflect the ability to meet quality standards, offer fair and reasonable prices, ensure timely delivery, and maintain good service and support.
What are the Risk/s Identified?	Management Approach
Unavailability of materials and labor in the locality where we operate poses a risk that might	The Company has an established accreditation process and chooses its suppliers based on

constrain the Company to purchase materials and hire employees elsewhere. This will not only affect our impact in the community where we operate, this may also entail additional costs on our part.	certain set of parameters. The Company prioritizes the sourcing of goods and services locally provided minimum standards are met. When qualified suppliers do not exist, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places of the country. The Company also makes an effort to source from MSMEs whenever possible. The Company is dedicated to supporting local suppliers to help develop the local economy.
What are the Opportunity/ies Identified?	Management Approach
The Company aspires to build long-term partnerships with its suppliers to ensure continued supply of its needs.	The Company chooses its suppliers based on their ability to provide the requirements of the Company that meets our standards, offer fair and reasonable prices, ensure timely delivery, and maintain good service and support. As to our labor, as a policy we provide equal opportunities for growth to all of our employees.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

N/A	N/A	N/A	N/A	N/A	N/A

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No impacts identified as there are no substantiated complaints regarding health and safety for 2020.	
What are the Risk/s Identified?	Management Approach
No risks identified.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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, competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers	The Company conducts monthly meetings with the sales and marketing teams to revisit and to improve if necessary its existing marketing efforts. In addition, marketing materials are approved by management before publication and release. Local marketing teams then produce the materials through the accredited suppliers.
What are the Risk/s Identified?	Management Approach
No Risk identified.	
What are the Opportunity/ies Identified?	Management Approach
No Opportunities identified.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's customers and other stakeholders can trust that their data is secure and protected from unnecessary disclosure due to the Company's commitment to data privacy.	The Company has established proper control and measures to protect customer data in accordance with the Data Privacy Act.
What are the Risk/s Identified?	**Management Approach**
Because of the nature of the Company's business which involves processing of personal information from our customers, potential risks to data privacy may arise.	The Company has crafted a data privacy policy in accordance with the Data Privacy Act and ensures that its employees are aware of the requirements of the law, what information is protected, when personal information can be disclosed and the requirements for such disclosure.
What are the Opportunity/ies Identified?	**Management Approach**
Continuous review and assessment of the Company's data privacy policy.	The Company will participate in additional training on Data Privacy requirements and explore new technologies to ensure data privacy and security.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's customers and other stakeholders can trust that their data are secured and protected from unnecessary disclosure due to the Company's commitment to data privacy.	The Company has implemented appropriate security measures, both physical and technical, within the organization and other procedures intended for the protection of personal information or data against any accidental or unlawful destruction, alteration and disclosure.
What are the Risk/s Identified?	**Management Approach**

Potential risks to data security include data breaches, leaks, thefts, and losses of data.	As mentioned above, the Company has implemented appropriate security measures intended for the protection of personal information or data against any accidental or unlawful destruction, alteration and disclosure.
What are the Opportunity/ies Identified?	Management Approach
Continuous review and assessment of the Company's data privacy policy.	The Company will attend and conduct additional training on Data Privacy and explore new technologies to ensure data privacy and security.

UNSUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Office Space	We provide a suitable location where businesses can operate, grow and contribute to job creation and increased economic activity in the areas where we locate. To date we have 68,945 square meters of gross floor area	Apart from our discussion above in relation to our environmental, social, and economic impacts we believe that there are no further material negative impacts of this product to SDGs.	No other material approach we could identify other than what was discussed.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

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**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
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
Common	**201,057,609**

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 asdescribed 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 consentof 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 FiftyThousand 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 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, Php 1.2 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 Restrictions1987 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 alegal 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 tobe 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 businessor 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 andsigned 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 thetransferee 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 issuancein 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% ofits 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 though 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 purposeof 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 periodof 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 Regionand 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 consignation, 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 ejectment;
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 ofsucceeding 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 informationrefers 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) theprocessing 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 biddingincluding 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 andbuildings, 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 beexempt 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 tothe 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 theprohibition 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 armof the Executive Branch in the field of labor and employment. The DOLE has exclusive authority inthe 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 givenschedule, 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 Codeare:

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 providedfor 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 plansto 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 lessgrowth 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 businessstrategies 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 willallow 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 experiencein 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 operationswould 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 theCompany's business, results of operations, and financial condition.

To cushion the concentration of the Company's operations in Cebu City and Metro Manila andmitigate 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 theCompany'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 assetacquisition. 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. Atleast 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 projectscould 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 Companymay 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 orentity. 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 tolitigation 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
associatedwith 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 ofwhich 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 leadto 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 itsarrangement 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, itis 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 affectthe 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 cover 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 thanmost 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 whichis 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 outs 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 thefollowing 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 thecorporation 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 ofwhich 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 than20 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 recorddate 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 thedividend 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 sharesat 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 2018in 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	6,762,7,47	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:

Return on Equity = Net Income / Total EquityReturn on Total Assets = Net Income / 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 ora 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 millionresulting 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, tonominate 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

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 RelationsOfficer effective June 19, 2020.

The Executive Officers are appointed/elected by the Board of Directors at the organizational meetingfollowing 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. Giminez 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 inBusiness 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 boardof 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 aDirector 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 June19, 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. andAssociated 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 completedtrainings 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 ofMr. 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.

Item10. Executive

CompensationSummary

Compensation Table

Information as to the aggregate compensation for the years ended 31 December 2020 and 2019 paidto 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

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, bonusesand 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% oftotal 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) 29th 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 theCompany'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 III
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
Page No. 25
Book No. III
Series of 2021.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9826148 - 01/05/2021 MLA
ROLL NO. 29679, TIN: 172-528-620
(12) MCLE COMPL. NO. VII-0000165
[illegible] HOMES MANILA, B-2, UNIT 3F

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

C	S	2	0	0	5	1	6	3	6	1

S.E.C. Registration Number

K	E	P	W	E	A	L	T	H		P	R	O	P	E	R	T	Y		P	H	I	L	S	.	,		I	N	C

(Company's Full Name)

U	N	I	T		I	J	0	1	-	2	3		B	U	R	G	U	N	D	Y		C	O	R	P	O	R	A	T

E		T	O	W	E	R		2	5	2		S	E	N	.		G	I	L		P	U	Y	A	T		A	V	E

.	,		M	A	K	A	T	I		C	I	T	Y																		

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

AUGUSTO PABLO A. CORPUS JR.

Contact Person

(632) 7978-5080

Company Telephone Number

1	2

Month

3	1

Day

Fiscal Year

A	A	S	F	S

FORM TYPE

Second Wednesday of July

Month Day

Annual Meeting

-

Secondary License Type, If Applicable

C	R	M	D

Dept. Requiring this Doc.

-

Amended Articles Number/Section

Total Amount of Borrowings

-

Total No. of Stockholders

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

kepwealth

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **KEPWEALTH PROPERTY PHILS. INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2020** and **2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

PDAC & Co., CPAs and **Reyes Tacandong & Co**., the independent auditors appointed by the stockholders for the years ended **December 31, 2020** and **2019**, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

RESTITUTO T. LOPEZ
Chairman of the Board

AUGUSTO PABLO A. CORPUS JR.
President

IGNACIO SALVADOR GIMENEZ III
Treasurer

Signed this ____ day of _____ 20__.

MAY 17 2021

MAY 17 2021

SUBSCRIBED AND SWORN to before this ____ day of _____ in Quezon City. Affiant exhibiting to me her competent identification cards as proof of her identity.

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0694960, Jan. 4, 2021 Quezon City
IBP No. 132791, Nov. 17, 2020 QC Chapter
Roll of Attorney's No. 46427
Admin Matter No. 004
MCLE NO. VI-0030360
TIN: 140-394-386-000
Complex Camp Crame, Q.C.

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PAGE # 51
BOOK # IV
SERIES OF 2021

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company"), which comprise the statement of financial position as at **December 31, 2020** and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2020**, and its financial performance and cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

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

Key Audit Matter 1
The Risk

Remote Conduct of Audit Due to COVID-19

Increased risk of misstatements due to lack of physical access to original records and documents and limited correspondences with the Company's Management and personnel.

Our Response

Our procedures to address the increased risk of misstatements due to remote conduct of audit include following the requirements of PSA which includes providing proper supervision and review even when working remotely, determining the reliability of audit evidence, conduct meetings through online platforms and maintaining enhanced professional skepticism throughout the audit.

Key Audit Matter 2
The Risk

Accounting for the Proceeds of Initial Public Offering (IPO)

The shares of the stock of the Company were listed with the Philippine Stock Exchange, Inc. on August 19, 2019. The Proceeds from the IPO amounted to ₱384.7million. The accounting for the proceeds is significant to our audit because the outstanding balance of the proceeds amounting to ₱360.0 million as at December 31. 2020 represent 42% of the total assets. Moreover, the Company is required to adhere the use of the proceeds pursuant to the Offering Circular.

Our Response

Our procedures included, among others, examining the underlying documents and obtaining confirmation from banks of the outstanding balance of the proceeds and testing the nature and validating the underlying documents of the actual disbursement of the proceeds for the year ended December 31, 2020.

Necessary disclosure are included in Note 6, Initial Public Offering, which discusses IPO and use of proceeds, and Note 15, Equity.

Other Matter

The financial statements of the Company as of **December 31, 2019**, were audited by another auditor whose report dated June 19, 2020 expressed an unmodified opinion on those statements.

As part of our audit of the December 31, 2020 financial statements, we also audited the reclassifications described in Note 28 that were applied to amend the December 31, 2019 financial statements. In our opinion, such reclassifications are appropriate and have been applied. We were not engaged to audit, review or apply any procedure to December 31, 2019 financial statements of the Company other than with respect to the reclassifications; accordingly, we do not express an opinion or any other form of assurance on the December 31, 2019 financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 33 to the financial statement is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC**. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The engagement partner on the audit resulting in this independent auditors' report is **REAN G. ABALOS**.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until October 10, 2021
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Valid until 2021 audit period
BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
IC Accreditation No. F-2019-004-R
Valid until October 1, 2022

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 1781-A
Valid until September 23, 2022
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 211-870-900
PTR No. 8539806
Issued on January 7, 2021 at Makati City

May 14, 2021
Makati City, Metro Manila

KEPWEALTH PROPERTY PHILS., INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Comparative Figures as of December 31, 2019)
(In Philippine Peso)

	Notes	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	7	**282,551,545**	452,334,407
Short-term investments	7	**-**	50,311,667
Trade and other receivables - net	8	**15,035,844**	7,944,255
Prepayments and other current assets	9	**13,251,766**	545,370
Total Current Assets		**310,839,155**	511,135,699
Non-current Assets			
Investment properties - net	11	**449,762,160**	317,038,624
Property and equipment - net	10	**2,090,111**	466,891
Investment in trust accounts	12	**75,795,893**	-
Deferred taxes - net	22	**3,382,986**	3,338,475
Deferred input VAT	9	**14,514,687**	475,255
Total Non-current Assets		**545,545,837**	321,319,245
TOTAL ASSETS		**856,384,992**	832,454,944
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**38,884,625**	33,908,444
Income tax payable		**-**	1,167,688
Total Current Liabilities		**38,884,625**	35,076,132
Non-current Liabilities			
Advance rent	20	**1,793,621**	1,793,621
Security deposits	20	**2,378,029**	2,378,029
Due to related party	14	**396,317**	50,537
Deferred credits	20	**16,649**	75,338
Total Non-current Liabilities		**4,584,616**	4,297,525
TOTAL LIABILITIES		**43,469,241**	39,373,657
STOCKHOLDERS' EQUITY			
Capital Stock	15	**456,057,609**	456,057,609
Additional Paid-in Capital	15	**299,519,764**	299,519,764
Retained Earnings		**57,338,378**	37,503,914
TOTAL STOCKHOLDERS' EQUITY		**812,915,751**	793,081,287
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**856,384,992**	832,454,944

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2020
(With Comparative Figures for the Years Ended 2019 and 2018)
(In Philippine Peso)

	Notes	2020	2019	2018
REVENUES	*16*	**81,408,329**	100,795,417	81,846,155
COST OF SERVICES	*17*	**(44,512,587)**	(39,946,830)	(33,271,010)
GROSS PROFIT		**36,895,742**	60,848,587	48,575,145
OTHER INCOME	*18*	**6,762,747**	5,420,495	1,224,458
GROSS INCOME		**43,658,489**	66,269,082	49,799,603
OPERATING EXPENSES	*19*	**(17,139,310)**	(18,119,305)	(6,526,490)
INCOME BEFORE TAXES		**26,519,179**	48,149,777	43,273,113
INCOME TAXES	*21*	**(6,684,715)**	(11,265,097)	(8,976,100)
NET INCOME		**19,834,464**	36,884,680	34,297,013
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		**19,834,464**	36,884,680	34,297,013
BASIC AND DILUTED EARNINGS PER SHARE	*23*	**0.10**	0.23	0.26

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2020
(With Comparative Figures for the Years Ended 2019 and 2018)
(In Philippine Peso)

	Note	Capital Stock - Common	Capital Stock - Preferred	Additional Paid-in Capital	Retained Earnings	Total
Balances at January 1, 2018		85,025,000	255,000,000	-	15,322,221	**355,347,221**
Net income		-	-	-	34,297,013	**34,297,013**
Balances at December 31, 2018	*15*	**85,025,000**	**255,000,000**	**-**	**49,619,234**	**389,644,234**
Issuance	*15*	67,032,609	-	299,519,764	-	**366,552,373**
Net Income		-	-	-	36,884,680	**36,884,680**
Stock dividends	*15*	49,000,000	-	-	(49,000,000)	**-**
Balances at December 31, 2019	*15*	**201,057,609**	**255,000,000**	**299,519,764**	**37,503,914**	**793,081,287**
Net income		-	-	-	19,834,464	**19,834,464**
Balances at December 31, 2020	*15*	**201,057,609**	**255,000,000**	**299,519,764**	**57,338,378**	**812,915,751**

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(With Comparative Figures for the Years Ended 2019 and 2018)
(In Philippine Peso)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before taxes		**26,519,179**	48,149,777	43,273,113
Adjustments for:				
Depreciation	*10,11*	**33,712,371**	33,292,072	30,043,473
Gain from liability extinguishment	*18*	**205,610**	310,171	291,719
Interest income	*7*	**(6,227,725)**	(4,628,524)	(632,739)
Provision for expected credit losses	*8*	-	1,089,473	-
Gain on sale of office improvement	*10*	-	(179,464)	-
Operating cash flows before changes in working capital		**54,209,435**	78,033,505	72,975,566
Decrease (Increase) in operating assets:				
Trade and other receivables		**(7,091,589)**	1,110,739	(3,131,647)
Prepayments and other current assets		**(17,964,283)**	(4,110,392)	(50,915)
Other non-current assets		**(14,690,233)**	323,395	305,366
Increase (Decrease) in operating liabilities:				
Trade and other payables		**5,451,461**	2,723,689	5,941,367
Advance rent		-	(5,624,122)	(4,909,039)
Security deposits		-	(774,371)	(2,198,898)
Deferred credits		**(58,689)**	(146,886)	(44,106)
Cash generated from operations		**19,856,102**	71,535,557	68,887,694
Income taxes paid		**(2,669,116)**	(11,287,045)	(7,575,289)
Interest received	*7*	**6,227,725**	4,316,857	679,648
Net cash from operating activities		**23,414,711**	64,565,369	61,992,053
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of short-term investments	*7*	**50,311,667**	-	-
Purchase of property and equipment	*10*	**(2,152,097)**	(1,362,081)	(22,098)
Purchase of investment in trust accounts	*12*	**(75,795,893)**	-	-
Purchase of investment properties	*11*	**(165,907,030)**	(3,531,640)	(3,858,087)
Purchase of short-term investments	*7*	-	(50,311,667)	-
Proceeds from sale of office improvement	*10*	-	1,050,000	-
Interest received	*7*	-	311,667	-
Net cash used in investing activities		**(193,543,353)**	(53,843,721)	(3,880,185)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from (payment to) related parties	*14*	**345,780**	50,537	(55,386,700)
Issuance of common stock	*15*	-	366,552,373	-
Net cash from (used in) financing activities		**345,780**	366,602,910	(55,386,700)
NET INCREASE (DECREASE) IN CASH		**(169,782,862)**	377,324,558	2,725,168
CASH AT BEGINNING OF YEAR	*7*	**452,334,407**	75,009,849	72,284,681
CASH AT END OF YEAR	*7*	**282,551,545**	452,334,407	75,009,849

(See Notes to the Financial Statements)

1. CORPORATE INFORMATION AND STATUS OF OPERATION

KEPWEALTH PROPERTY PHILS., INC. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 2005. The principal activities of the Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, maintain, administer, manage, and operate alone or jointly with others, or otherwise dispose 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.

On March 9, 2019, the SEC approved the amendment of the Company's Articles of Incorporation. The amendment includes the following:

- change in business purpose from engaging in real estate business, excluding land ownership, to investing, 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, hotel inns, resorts, apartments, or personal property of every kind and description;

- change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively; and

- change of principal office to Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City

The change in par value in the Company's authorized capital resulted to an increase in authorized common shares by 79,200,000 and preferred shares by 478,800,000 and the reclassification of 277,000,000 preferred shares to common shares.

The Company's stockholders and Board of Directors (BOD) declared stock dividends of 49,000,000 common shares on January 30, 2019.

On the same date, the stockholders and the BOD authorized the Company to undertake an initial public offering (IPO) of its common shares with the Philippine Stock Exchange (PSE). Subsequently, on July 23, 2019 and July 24, 2019, the SEC and the PSE approved the Company's application for IPO.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360,000,000, net of offer expenses of ₱24,767,164.

The Company's office is located at Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Avenue, Makati City and is domiciled in the Philippines.

Effect of Coronavirus Disease 19 (COVID 19)

Kepwealth Property Phils, Inc announces the termination of the Assets Management Agreements with the various related parties for the management of the certain commercial units 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 managements on previous months and on December 31, 2020 will result to a decrease on the projected revenue of Kepwealth by 12% for the year 2021. The company's leasing revenue from the third party went down at 22.15% or 18.8M of absolute value, same as occupancy rate from 83% of 2019 went down to 70% of 2020.

2. ADOPTION OF NEW AND REVISED PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)

The Philippine Financial Reporting Standards Council (PFRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and Philippine Financial Reporting Interpretations Committee (PFRIC) which have been approved by the PFRSC and adopted by SEC.
These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional recognizes, otherwise the adoption is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

2.01 New and Revised PFRSs With No Material Effect on Financial Statements

New standards impacting the Company will be adopted in the annual financial statements for the year ended December 31, 2020, and which had given rise to changes in the Company's accounting policies are:

- Amendments to PFRS 9, PAS 39 and PFRS 17, *Interest Rate Benchmark Reform*

  These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

  The Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

  A hedging relationship is 'directly affected' if the reform gives rise to uncertainties about:
  - the interest rate benchmark designated as a hedged risk (contractually or non-contractually specified); and/or
  - the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

  Discontinuation of hedge accounting is required if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards.

  The amendments are applied retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies the amendments or were designated thereafter, and to the gain or loss recognised in other comprehensive income that existed at the beginning of the reporting period in which an entity first applies the amendments.

  These amendments had no impact on the financial statements as the Company does not have hedged items or hedging instruments.

- Amendments to References to the Conceptual Framework in PFRS Standards

  The Company has adopted the amendments included in *Amendments to References to the Conceptual Framework in PFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

  The Standards which are amended are PFRS 2, PFRS 3, PFRS 6, PFRS 14, PAS 1, PAS 8, PAS 34, PAS 37, PAS 38, PFRIC 12, PFRIC 19, PFRIC 20, PFRIC 22, and PSIC-32.

  The amendments had no significant impact on the financial statements of the Company.

- Amendments to PFRS 3, *Definition of a Business*

  The Company has adopted the amendments to PFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

  The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

  The amendments to the definition of a business had no significant impact on the Company's financial statements.

- Amendments to PAS 1 and PAS 8, *Definition of Material*

  The Company has adopted the amendments to PAS 1 and PAS 8 for the first time in the current year. The amendments make the definition of material in PAS 1 easier to understand and are not intended to alter the underlying concept of materiality in PFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

  The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in PAS 8 has been replaced by a reference to the definition of material in PAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

  The amendments to the definition of material had no significant impact on the Company's financial statements.

2.02 New Standards, Interpretations and Amendments In Issue But Not Yet Effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised PFRS Standards that have been issued but are not yet effective.

- PFRS 17 and Amendments to PFRS 17, *Insurance Contracts*

  PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, *Insurance Contracts.*

  PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

  The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

  In August 2020, the FRSC adopted the Amendments to PFRS 17 (issued by IASB in June 2020) to address concerns and implementation challenges that were identified after PFRS 17 was published. The amendments defer the date of initial application of PFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2025. At the same time, the IASB issued Extension of the Temporary Exemption from Applying PFRS 9 (Amendments to PFRS 4) that extends the fixed expiry date of the temporary exemption from applying PFRS 9 in PFRS 4 to annual reporting periods beginning on or after January 1, 2025.

  PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

  For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

  This standard is not applicable to the Company.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

  The directors of the Company are currently assessing the impact of these amendments.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of PFRIC 21 *Levies*, the acquirer applies PFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

  Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

  The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

  This standard is not applicable to the Company.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds Before Intended Use*

  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 *Inventories*.

  The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

  The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

  The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

  The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

  The directors of the Company are currently assessing the impact of these amendments.

- Amendment to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The directors of the Company are currently assessing the impact of these amendments.

- Annual Improvements to PFRS Standards 2018-2020 Cycle: Amendments to PFRS 1 *First-time Adoption of International Financial Reporting Standards*, Amendments to PFRS 9 *Financial Instruments*, Amendments to PFRS 16 *Leases* and Amendments to PAS 41 *Agriculture*

The Annual Improvements include amendments to four Standards:

PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

This standard is not applicable to the Company.

- PFRS 9, Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The directors of the Company are currently assessing the impact of this amendment.

- PFRS 16, *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

- PAS 41, *Agriculture*

  The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

  The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

  The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

  This standard is not applicable to the Company.

- Amendment to PFRS 16, *Covid-19 Related Rent Concessions*

  The Company has adopted the amendment to PFRS 16 for the first time in the current year. The amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

  The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

  a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
  c) There is no substantive change to other terms and conditions of the lease.

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with early application permitted.
  The directors of the Company are currently assessing the impact of this amendment.

- PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gain and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

  This standard is not applicable to the Company.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), to achieve fair presentation of the Company's financial position, performance and cash flows.

3.02 Basis of Accounting

The financial statements are prepared on a going concern basis under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services, except for certain financial instruments that are carried at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

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

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient date are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.03 Presentation and Functional Currency

Items included in the financial statements of the Company are measured using Philippine Peso, the currency of the primary economic environment in which the Company operates (the "functional currency"). All information presented in Philippine Peso has been rounded to the nearest Peso, except when otherwise specified.

The Company chose to present its financial statements using its functional currency.

3.04 Use of Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.05 Going Concern Assumption

The Company is not aware of any significant uncertainty that may cast doubts upon the Company's ability to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

4.02 Financial Assets

4.02.01 Financial Assets - Initial Recognition and Measurement
Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect a contractual cash flow.

As at December 31, 2020 and 2019, the Company does not have financial assets and liabilities at FVPL and FVOCI.

4.02.02 Financial Assets at Amortized Cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset the is derecognized.

The Company's financial assets at amortized cost includes cash in banks, cash equivalents, short-term investments, trade and other receivables (except for advance rent) and investment in trust accounts.

4.02.03 Impairment of Financial Assets

The Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the following approaches in accounting for impairment.

- Simplified Approach

  The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

  - Significant financial difficulty of the counterparty;
  - A breach of contract, such as a default or past due event;
  - The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
  - It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

- General Approach

The Company applies general approach to cash in banks, cash equivalent, other receivable and investment in trust accounts. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Company assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company did not apply the 30 days past due rebuttable presumption because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit impaired or not because based on the Company's historical experience, past due amounts even over 90 days are still collectible.

The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.04 Derecognition of Financial Assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

4.02.05 Write-off of Financial Assets
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two (2) years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

4.03 Financial Liabilities and Equity

4.03.01 Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Capital stock is classified as equity.

4.03.02 Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

4.03.03 Financial Liabilities - Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case payables, net of directly attributable transaction costs.

4.03.04 Financial Liabilities at Amortized Cost
Financial liabilities at amortized cost is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

The Company's financial liabilities include trade and other payables (excluding advance rent, statutory payables, deferred credits and reservation deposit), security deposits and due to a related party.

4.03.05 Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

4.03.06 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.04 Other Non-Financial Assets

4.04.01 Prepayments

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

4.04.02 Input VAT

Input VAT arises from the purchase of goods or services. This is applied against output VAT. The remaining balance is recoverable in future periods. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

For zero rated sales, input VAT is initially recorded as an asset and measured at the amount of cash paid. Subsequently, the Company may apply within two (2) years after the close of the taxable quarter when such sale was made for the tax refund of creditable input tax due or paid attributable to sales that are zero-rated or effectively zero-rated.

4.04.03 Deferred Input VAT
Deferred input VAT is recognized when the Company pays for a VATable transaction but are not yet allowed as credit for any output VAT due for the current period.

4.05 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment loss.

Depreciation is computed using the straight-line method based on the estimated useful lives ranging from thirteen (13) to forty (40) years. Changes in estimates for useful lives of investment property are treated prospectively.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15.

4.06 Property and Equipment

Property and equipment are initially measured at cost less any accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related asset up to the date of the next major renovation, whichever is shorter.

Depreciation is computed on the straight-line method of depreciation based on the estimated useful lives of the assets as follows:

Office equipment	3 years
Office Improvements	3 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property and equipment is retained in the books until these are no longer being used in the operations.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an office equipment and improvement are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

4.07 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.08 Equity

Capital stock represents the nominal (par) value of shares that have been issued.

Additional paid-in capital represents the excess of proceeds and/or fair value of considerations received over the par value of the subscribed capital stock. Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax.

Retained earnings represents the cumulative balance of net income, net of any dividend declaration.

Dividend distributions. Stock dividend distribution to the Company's stockholders is recognized immediately as an addition to capital and deducted from retained earnings in the year in which the dividends are approved by the Company's BOD. Cash dividend are recognized as a liability and deducted from equity when these are approved by the BOD of the Company for declaration.

Stock split pertains to issuance of additional shares to existing stockholders for no additional consideration.

4.09 Employee Benefits

Short-term Benefits and Other Long-term Employee Benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Short term benefits given by the Company to its employees include wages and salaries, annual leave and sick leave

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

4.10 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

4.10.01 Rental Income
Revenue under non-cancellable leases on investment properties is recognized on a straight-line basis over the term of the lease.

4.10.02 Property Administration Fee
Property administration dee pertains to management of various properties and commission revenues for the lease of these properties. Lease commission is recognized when related services are rendered while commission revenue is recognized when earned based on certain percentage of monthly rate of new lease and renewal of both unit and parking slot.

4.10.03 Interest Income
Interest income is recognized as interest accrues, taking into account the effective yield on the asset.

4.10.04 Other Income
Other income is recognized as earned.

4.11 Cost and Expense Recognition

Cost and expenses are recognized in the statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase has arisen that can be measured reliably.

4.11.01 Cost of Services
Cost of services are recognized as expense when the related services are rendered.

4.11.02 General and Administrative Expenses
General and administrative expenses constitute costs of administering the business and costs incurred to sell and market services. These are expensed as incurred.

4.12 Leases

The Company assessed at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.12.01 The Company as Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Rent received in advance is recognized as "Advance rent" in the statement of financial position, while unamortized day-1 gain is recognized as "Deferred credits" in the statement of financial position. Security deposits received are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements. Advance rent, deferred credits and security deposits, which are expected to be settled within 12 months after reporting year are classified as current and presented under "Accounts and other payables" in the statement of financial position. Otherwise, these are classified as non-current liabilities.

4.12.02 The Company as Lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration.

To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

The Company has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing a ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4.13 Related Parties and Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company, post-employment benefit plans for the benefit of Company's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

4.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.14.01 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provision recognized are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

4.14.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Pursuant to Section 4 (bbbb) of Republict Act No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) and as implemented under Revenue Regulation No. 25-2020, the net operating loss of a business or enterprise for the taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of Bayanihan 2, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

4.14.03 Current and Deferred Tax for the Period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax-effect is included in the accounting for business combination.

4.15 Earnings Per Share

The Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

4.16 Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

4.17 Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

4.18 Events After the End of the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting date, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, accounting estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.01 Judgments

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

5.01.01 Determining the Classification of Financial Assets
Classification of financial assets under PFRS 9 depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. The Company also determines whether the contractual terms of financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

5.01.02 Determining the Operating Segments
Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Company determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

5.01.03 Determining the Classification of Leases - The Company as a Lessor
The Company classifies leases in accordance with the substance of the contractual agreement and the transfer of the risks and benefits incidental to the ownership of the leased property. Leases, where management has determined that the risks and rewards related to the leased property are transferred to the Company, are classified as finance leases. On the other hand, leases entered into by the Company, where management has determined that the risks and rewards of the leased property are retained with the lessor, are accounted for as operating leases.

The Company entered into a number of operating lease agreements as a lessor. As a lessor, the Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

Rental income from lease of properties amounted to ₱66,023,329, ₱84,808,943 and ₱81,846,155 in 2020, 2019 and 2018, respectively, as disclosed in Note 16.

5.01.04 Determining the Classification of Investment Properties
The Company determines whether a property qualifies as an investment property when it is held primarily to earn rentals or capital appreciation or both and is not substantially for use by, or in the operations of, the Company.

The Company's condominium units and parking slots and initial leasing cost amounting to ₱449,762,160 and ₱317,038,624 in 2020 and 2019, respectively, qualifies as investment property as it is held for rental as disclosed in Note 11.

5.01.05 Determining whether or not a Contract Contains a Lease
Management assessed that short-term leases did not qualify as a lease since the contract did not contain an identified asset, the Company has no right to obtain substantially all of the economic benefits, and the Company has no right to direct the use of the identified asset throughout the period of use.

5.01.06 Assessment of Principal-Agency Arrangement
When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (ie the entity is a principal) or to arrange for the other party to provide those goods or services (ie the entity is an agent).to which it expects to be entitled in exchange for those services transferred.

In 2020, 2019 and 2018, the Company assessed that it is acting as an agent and recognized commission income from principal-agency relationship amounting to ₱281,028, ₱1,600,000 and nil, respectively, as disclosed in Note 16.

5.01.07 Assessment of Timing of Satisfaction of Performance Obligations
An entity satisfies a performance obligation by transferring control of a promised good to the customer, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied over time, this is when the related services are rendered.

In 2020, 2019 and 2018, property administration fee recognized by the Company amounted to ₱15,103,972, ₱15,986,474 and nil, respectively, as disclosed in Note 16.

5.01.08 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations
A performance obligation is a vendor's promise to deliver a good that is 'distinct' from other services identified in the contract.

Management assessed that the allocation of transaction price to performance obligations is not applicable since there is only one performance obligation which is to render services.

5.01.09 Assessment of 30 days Rebuttable Presumption
An entity determines when a past due occurs on its financial assets based on the credit management practice on the entity.

Management believes that the thirty (30) days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.10 Assessment of 90 days Rebuttable Presumption
An entity determines when a default occurs on its financial assets based on the credit management practice of the entity.

Management believes that the thirty (90) days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on Company's policy, loans at default for more that ninety (90) days are still collectible.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Residual Values, Useful Lives and Depreciation Method of Property and Equipment and Investment Property

The residual values, useful lives and depreciation method of the Company's property and equipment and investment property are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date.

The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of office equipment would increase the recognized operating expenses and decrease non-current assets.

The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

Management assessed during 2020 that the useful lives of investment properties changed from twenty-five (25) years to thirteen (13) to forty (40) years due to significant wear and tear and improvements which extended the life of the asset for some. The change in accounting estimate is applied prospectively.

As of December 31, 2020 and 2019, the carrying amounts of property and equipment and investment property amounted to ₱451,852,271 and ₱317,505,515, respectively, as disclosed in Notes 10 and 11.

5.02.02 Estimating Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of accrued rent, prepayments and other current assets, investment properties, property and equipment and deferred input VAT requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude advance rent, prepayments and other current assets, investment properties, property and equipment and deferred input VAT are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on its accrued rent, prepayments and other current assets, investment properties, property and equipment and deferred input VAT. As of December 31, 2020 and 2019, the carrying amounts of the aforementioned assets amounted to ₱480,745,228 and ₱319,673,823, respectively, as disclosed in Notes 8, 9, 10 and 11.

5.02.03 Estimating the Expected Credit Losses on Trade Receivables
The Company estimates ECL on trade receivables using a provision matrix that is based on the days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate and macro-economic facotrs. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

No provision for ECL on trade receivables was recognized in 2020 and 2018. In 2019, provision for ECL amounted to ₱1,089,473 as disclosed in Note 8. Allowance for ECL on trade receivables amounted to ₱1,089,473 as at December 31, 2020 and 2019, as disclosed in Note 8.

5.02.04 Estimating the Expected Credit Losses at Amortized Cost
The Company determines ECL on its other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over their expected lives. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the debtor.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the debtor.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2020, 2019 and 2018.

5.02.05 Estimating Recoverability of Deferred Tax Assets (DTA)
The Company reviews the carrying amounts at each reporting date and reduces DTA to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the DTA to be utilized.

The Company recognized DTA amounting to ₱3,908,713 and ₱4,019,365 as at December 31, 2020 and 2019, respectively, as disclosed in Note 22.

5.02.06 Determining Fair Value of Financial Assets and Liabilities
The Company carries some of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. In addition, certain liabilities acquired through debt exchange and restructuring are required to be carried at fair value at the time of the debt exchange and restructuring. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the profit or loss and equity.

Fair value of the Company's financial assets and liabilities are disclosed in Note 24.

6. INITIAL PUBLIC OFFERING

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360,000,000, net of offer expenses of ₱24,767,164, as disclosed in Note 1.

The unapplied proceeds from the IPO of ₱360,000,000 as at December 31, 2020 are maintained in various current and saving accounts. It will be used to fund key property acquisitions for leasing purposes.

On March 6, 2020, the Company acquired two floors and eighteen parking slots at a commercial building located within Metro Manila for ₱184,400,000, inclusive of VAT.

7. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

Cash at the end of the reporting period as shown in the statement of cash flow can be reconciled to the related items in the statement of financial position:

		2020		2019
Cash in-banks	₱	**282,499,543**	₱	401,162,555
Petty cash fund		**52,002**		-
Cash equivalents		**-**		51,144,850
Cash on-hand		**-**		27,002
	₱	**282,551,545**	₱	452,334,407

Cash in-banks include unused proceeds from IPO, as disclosed in Note 6. Cash in-banks earns interest at the respective bank deposit rates.

Cash equivalents as at December 31, 2019 are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn annual interest at 3.25%. As at December 31, 2020, the Company has no cash equivalents.

Short-term investments

Short-term investments amounting to nil and ₱50,311,667 as at December 31, 2020 and 2019, respectively, has a maturity of more than three months but less than a year with annual interest at 3.30%.

Details of interest income, as disclosed in Note 18 are as follows:

		2020		2019		2018
Cash and cash equivalents	₱	**6,227,725**	₱	4,316,857	₱	632,739
Short-term investments		**-**		311,667		-
	₱	**6,227,725**	₱	4,628,524	₱	632,739

8. TRADE AND OTHER RECEIVABLES - net

The Company's trade and other receivables consist of:

		2020		2019
Trade receivables	₱	**12,133,053**	₱	3,645,702
Allowance for ECL		**(1,089,473)**		(1,089,473)
	₱	**11,043,580**	₱	2,556,229
Advances to suppliers		**1,352,893**		3,900,535
Accrued rent		**1,126,504**		1,147,683
Staff advances		**771,751**		-
Others		**741,116**		339,808
	₱	**15,035,844**	₱	7,944,255

Trade receivables are non-interest bearing and are generally collectible in the succeeding month.

Advances to suppliers are payments made in advance by the Company to its contractors for its office improvements.

In 2020 and 2019, trade and other receivable includes receivable from related party amounting to nil and ₱28,185, respectively, as disclosed in Note 14.

Accrued rent pertains to straight-line adjustments in accordance with the accounting for leases.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Company has not recognized an allowance for estimated credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Aging of accounts that are past due but not credit-impaired during 2020 is as follows:

1 – 30 days outstanding/ past due	₱	1,981,892
31 – 60 days outstanding/ past due		1,933,933
61 – 90 days outstanding/ past due		1,670,394
over 90 days outstanding/ past due		5,457,361
	₱	**11,043,580**

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit required to be recognized in excess of the allowance for expected credit losses.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current assets are shown below:

		2020		2019
Deferred input VAT	₱	**4,381,743**	₱	323,395
Input VAT		**3,702,708**		-
Prepaid expenses		**2,703,974**		221,975
Prepaid income tax		**2,454,488**		-
Creditable withholding VAT		**8,853**		-
	₱	**13,251,766**	₱	545,370

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties. Deferred input VAT is presented net of non-current portion amounting to ₱14,514,687 and ₱475,255 as of December 31, 2020 and 2019, respectively.

10. PROPERTY AND EQUIPMENT - net

The carrying amounts of the Company's property and equipment is as follows:

	2020		
	Office Improvements	**Office Equipment**	**Total**
Cost			
Balance, January 1	₱ **155,438**	₱ **358,205**	₱ **513,643**
Additions	**1,968,038**	**184,059**	**2,152,097**
Balance, December 31	₱ **2,123,476**	₱ **542,264**	₱ **2,665,740**
Accumulated Depreciation			
Balance, January 1	₱ **15,934**	₱ **30,818**	₱ **46,752**
Depreciation	**373,694**	**155,183**	**528,877**
Balance, December 31	₱ **389,628**	₱ **186,001**	₱ **575,629**
Carrying Amount	₱ **1,733,848**	₱ **356,263**	₱ **2,090,111**

	2019		
	Office Improvements	Office Equipment	Total
Cost			
Balance, January 1	₱ -	₱ 22,098	₱ 22,098
Additions	1,025,974	336,107	1,362,081
Disposal	(870,536)	-	(870,536)
Balance, December 31	₱ 155,438	₱ 358,205	₱ 513,643
Accumulated Depreciation			
Balance, January 1	₱ -	₱ 1,842	₱ 1,842
Depreciation	15,934	28,976	44,910
Balance, December 31	₱ 15,934	₱ 30,818	₱ 46,752
Carrying Amount	₱ 139,504	₱ 327,387	₱ 466,891

In 2019, the Company sold office improvement to an entity under common management for ₱1,050,000. Gain on sale of office improvement amounted to ₱179,464, as disclosed in Note 18.

All additions to property and equipment for 2020 and 2019 were paid for in cash.

The Company has no property and equipment with restricted title nor that are pledged as security for liabilities.

11. INVESTMENT PROPERTIES

The carrying amounts of the Company's investment properties are as follows:

	2020		
	Condominium Units and Parking Slots	**Initial Leasing Cost**	**Total**
Cost			
Balance, January 1	₱ **675,204,477**	₱ **5,716,170**	₱ **680,920,647**
Additions	**165,535,655**	**371,375**	**165,907,030**
Balance, December 31	₱ **840,740,132**	₱ **6,087,545**	₱ **846,827,677**
Accumulated Depreciation			
Balance, January 1	₱ **359,287,802**	₱ **4,594,221**	₱ **363,882,023**
Depreciation	**32,294,910**	**888,584**	**33,183,494**
Balance, December 31	₱ **391,582,712**	₱ **5,482,805**	₱ **397,065,517**
Carrying Amount	₱ **449,157,420**	₱ **604,740**	₱ **449,762,160**

	2019		
	Condominium Units and Parking Slots	Initial Leasing Cost	Total
Cost			
Balance, January 1	₱ 673,974,734	₱ 6,396,451	₱ 680,371,185
Additions	1,229,743	2,301,897	3,531,640
Write-off	-	(2,982,178)	(2,982,178)
Balance, December 31	₱ 675,204,477	₱ 5,716,170	₱ 680,920,647
Accumulated Depreciation			
Balance, January 1	₱ 330,407,877	₱ 3,209,162	₱ 333,617,039
Depreciation	28,879,925	4,367,237	33,247,162
Write-off	-	(2,982,178)	(2,982,178)
Balance, December 31	₱ 359,287,802	₱ 4,594,221	₱ 363,882,023
Carrying Amount	₱ 315,916,675	₱ 1,121,949	₱ 317,038,624

This account 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 (1) to six (6) years. This also includes initial leasing cost which consists of unamortized portion of commission incurred for lease transactions.

The Company has not pledged its investment property to secure general banking facilities granted to the Company.

The property rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to ₱66,023,329, ₱84,808,943 and ₱81,846,155 during 2020, 2019 and 2018, respectively, as disclosed in Note 16.

The fair value of the investment properties aggregating ₱869,200,000 is based on the appraisal of an accredited independent appraiser. The latest appraisal report is dated July 6, 2018. The fair value of the investment properties has been categorized as Level 3. Fair value was based on the market data and income approach. Market data relies on the comparison of sale transactions or offering of similar properties which were offered in the market as of valuation date and income approach measures the current value of a property by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the property. In both years, Management believes that the carrying amount of its investment properties approximates its fair value.

The depreciation from investment properties charged to cost of services amounted to ₱33,183,494, ₱33,247,162, and ₱30,041,631 in 2020, 2019 and 2018, respectively, as disclosed in Note 17.

12. INVESTMENT IN TRUST ACCOUNTS

During the last quarter of 2020, the Company invested in trust accounts held by local banks aggregating to ₱75,795,893. The trustee-banks in turn invested in preferred shares of San Miguel Corporation. No income was received as at December 31, 2020 from the trustee-banks resulting from the investment in trust accounts.

13. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	Note	2020	2019
Security deposits	*20*	₱ **15,405,793**	₱ 16,142,945
Advance rent	*20*	**10,145,947**	10,514,790
Accrued expenses		**5,959,945**	3,839,261
Statutory payables		**6,855,722**	1,541,857
Trade payable		**200,630**	-
Deferred credits	*20*	**97,888**	97,888
Reservation deposit		**-**	135,970
Miscellaneous		**218,700**	1,635,733
		₱ **38,884,625**	₱ 33,908,444

Accrued expenses include condominium dues, professional fees, taxes and licenses, salaries, utilities, directors and management fee and commission. Accrued expenses are normally settled within one year.

Statutory payables include output VAT, withholding taxes and government contributions, which are normally settled within the next month.

In 2020 and 2019, trade and other payables includes payable from related party amounting to nil and ₱1,209,684, respectively, as disclosed in Note 14.

14. RELATED PARTY TRANSACTIONS

14.01 Due to Related Party

Balances and transactions between the Company and its related parties are disclosed below:

Related Party	Nature of Transactions	Year	Transaction during the period	Trade and other Receivables (Note 8)	Trade and Other Payables (Note 13)	Due to Related Parties
Entities under common management	Asset management	2020	₱ 15,385,000	₱ -	₱ -	₱ -
		2019	15,986,974	-	-	-
	Contracted services	2020	3,016,966	-	-	-
		2019	2,515,220	-	-	-
	Commission expense	2020	888,583	-	-	-
		2019	1,198,846	-	9,406	-
	Condominium dues	2020	1,543,818	-	-	-
		2019	1,323,371	-	812,778	-
	Leasing revenue	2020	809,400	-	-	-
		2019	809,400	-	-	-
	Management income	2020	329,412	-	-	-
		2019	302,336	-	-	-
	Management fee	2020	-	-	-	-
		2019	240,000	-	120,000	-
	Noninterest-bearing cash advances	2020	396,317	-	-	396,317
		2019	153,140	28,185	-	50,537
Stockholders	Director's fees	2020	590,000	-	-	-
		2019	590,000	-	267,500	-
			₱ **46,078,783**	₱ **28,185**	₱ **1,209,684**	₱ **446,854**

The Company in its regular conduct of business entered into transactions with related parties to augment its working capital requirements which principally consist of advances and reimbursement of expenses.

These amounts are non-interest bearing, unsecured and will be settled in cash due and demandable anytime. No provisions have been made for doubtful debts in respect of the amounts owed to related parties

14.02 Significant Contract Agreement

Management Agreements
The Company has entered into management agreements with related parties under common management as follows:

- Asset management, legal and finance services agreement for a fixed monthly fee until February 28, 2019. Management fee expense amounted to ₱240,000 in 2019; as disclosed in Note 19;

- Operational, financial and administration services agreement for a fixed monthly fee. Management income amounted to ₱329,412 and ₱302,336 in 2020 and 2019, respectively, as disclosed in Note 18;

- Asset management for a fixed monthly fee starting March 2019. Total asset management revenue amounted to ₱15,385,000 and ₱15,986,974 in 2020 and 2019, respectively, as disclosed in Note 16 and

- Commission agreement for a predetermined fee. Commission revenue which is included as part of asset management revenue aggregated ₱281,028 and ₱1,600,000 in 2020 and 2019, respectively.

Service Agreements
On March 1, 2019, the Company entered into a service agreement with a related party under common management for a fixed monthly fee. The services rendered to the Company include finance, human resources, information and communication technology and internal audit services. The agreement is for a period of one year and is renewable upon mutual agreement by the parties. The contract was renewed for another year in 2020. Contracted services amounted to ₱3,016,966 and ₱2,515,220 in 2020 and 2019, respectively, as disclosed in Note 19.

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are non-interest bearing, unsecured, settled in cash and are either payable on demand or settled within one year.

14.03 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel of the Company amounted to ₱1,100,000 and ₱2,500,000 in 2020 and 2019, respectively. This is mainly composed of salaries and other short-term employee benefits.

15. ISSUED CAPITAL

The issued capital of the Company are as follows:

	2020	2019	2018
Capital stock	₱ **456,057,609**	₱ 456,057,609	₱ 340,025,000
Additional paid-in capital	**299,519,764**	299,519,764	-
	₱ **755,577,373**	₱ 755,577,373	₱ 340,025,000

Components of capital stock are as follows:

	2020	2019	2018
Preference shares	₱ **255,000,000**	₱ 255,000,000	₱ 255,000,000
Ordinary shares	**201,057,609**	201,057,609	85,025,000
	₱ **456,057,609**	₱ 456,057,609	₱ 340,025,000

15.01 Ordinary Shares

Shown below are the details on the movements of ordinary shares:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized						
Beginning, January 1 @ ₱10 par value	**365,000,000**	₱ **365,000,000**	8,800,000	₱ 88,000,000	8,800,000	₱ 88,000,000
Recapitalization @ ₱1 par value						
Reclassification to common shares	-	-	277,000,000	277,000,000	-	-
Effect of stock split	-	-	79,200,000	-	-	-
	365,000,000	₱ **365,000,000**	365,000,000	₱ 365,000,000	8,800,000	₱ 88,000,000
Issued and fully paid						
Balance, January 1	**201,057,609**	₱ **201,057,609**	8,502,500	₱ 85,025,000	8,501,000	₱ 85,010,000
Effect of stock split	-	-	76,522,500	-	-	-
Stock dividends	-	-	49,000,000	49,000,000	-	-
Issuance	-	-	67,032,609	67,032,609	1,500	15,000
Balance, December 31	**201,057,609**	₱ **201,057,609**	201,057,609	₱ 201,057,609	8,502,500	₱ 85,025,000

Ordinary shares carry one vote per share and carry a right to dividends.

15.02 Preference Shares

The movements in the carrying amount of the Company's preference shares are shown below:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized						
Beginning, January 1 @ ₱10 par value	**255,000,000**	₱ **255,000,000**	53,200,000	₱ 532,000,000	53,200,000	₱ 532,000,000
Recapitalization @ ₱1 par value						
Effect of stock split	-	-	478,800,000	-	-	-
Reclassification to common shares	-	-	(277,000,000)	(277,000,000)	-	-
	255,000,000	₱ **255,000,000**	255,000,000	₱ 255,000,000	53,200,000	₱ 532,000,000
Issued and fully paid						
Balance, January 1	**255,000,000**	**255,000,000**	25,500,000	255,000,000	25,500,000	255,000,000
Effect of stock split	-	-	229,500,000	-	-	-
Balance, December 31	**255,000,000**	₱ **255,000,000**	255,000,000	₱ 255,000,000	25,500,000	₱ 255,000,000

Preferred shares are non-voting, and redeemable at dates and in number of shares to be determined by the BOD.

15.03 History of Registration of Securities

On March 7, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱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 BOD and stockholders declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱49,000,000 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.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360,000,000, net of offer expenses amounting to ₱24,767,164.

15.04 Additional Paid in Capital

Movements of additional paid-in capital in 2020 and 2019 are as follows:

		2020		2019
Balance at beginning of year	₱	**299,519,764**	₱	-
Additions		**-**		317,244,357
Cost of issuance		**-**		(17,724,593)
Balance at the end of year	₱	**299,519,764**	₱	299,519,764

16. REVENUES

The Company derives its revenue from contracts with customers for lease of properties and services over time. This is consistent with the revenue information that is disclosed for each reportable segment under PFRS 8.

An analysis of the Company's revenues for the year is as follows:

	Note		**2020**		2019		2018
Rental income	*11*	₱	**66,023,329**	₱	84,808,943	₱	81,846,155
Property administration fee	*14*		**15,103,972**		14,386,474		-
Leasing commission	*14*		**281,028**		1,600,000		-
		₱	**81,408,329**	₱	100,795,417	₱	81,846,155

17. COST OF SERVICES

Analysis of the Company's cost of services are as follows:

	Note		2020		2019		2018
Depreciation	*11*	₱	**33,183,494**	₱	33,247,162	₱	30,041,631
Salaries and wages			**7,347,805**		3,373,297		-
Taxes and licenses			**3,788,746**		3,265,129		3,171,590
Repairs and maintenance			**192,542**		61,242		57,789
		₱	**44,512,587**	₱	39,946,830	₱	33,271,010

18. OTHER INCOME

Components of other income are as follows:

	Notes		2020		2019		2018
Interest	*7*	₱	**6,227,725**	₱	4,628,524	₱	632,739
Management fee	*14*		**329,412**		302,336		300,000
Penalties and charges			**205,610**		310,171		291,719
Gain on disposal of property and equipment	*10*		-		179,464		-
		₱	**6,762,747**	₱	5,420,495	₱	1,224,458

Penalties and charges mainly consist of forfeitures from pre-terminated lease contracts and gain from liability extinguishment.

19. OPERATING EXPENSES

The account is composed of the following operating expenses:

	Notes	2020	2019	2018
Contracted services	*14*	**₱ 3,016,966**	₱ 2,515,220	₱ -
Professional fees		**2,780,289**	6,971,958	921,516
Taxes and licenses		**2,523,171**	975,668	1,314,534
Registration and filing fees		**2,200,185**	430,939	-
Condominium dues		**1,543,818**	1,323,371	992,850
Directors' fees		**1,100,000**	590,000	-
Salaries, wages and employee benefits		**709,385**	1,063,430	-
Depreciation - overhead	*10*	**528,877**	-	-
Transportation and travel		**470,418**	629,547	1,051,856
Rent expense	*20*	**453,420**	-	-
Postage, telephone and communication		**321,165**	-	-
Subscription		**317,777**	243,684	-
Stationeries and supplies		**232,019**	69,557	5,584
Utilities		**153,592**	60,327	26,162
IPO expense		**148,750**	-	-
Interest		**119,932**	203,891	341,636
Representation and entertainment		**68,830**	-	-
Selling and marketing		**7,143**	876,587	-
Repairs and maintenance		**3,388**	-	-
Provision for ECL	*8*	**-**	1,089,473	-
Management fee	*14*	**-**	240,000	1,440,000
Others		**440,185**	835,653	432,352
		₱ 17,139,310	₱ 18,119,305	₱ 6,526,490

Others pertain to miscellaneous expenses such as bank and other charges.

20. LEASES

The Company as Lessor

Operating leases relate to the investment property owned by the Company with lease terms of between one (1) to five (5) years. These were subjected to certain escalation clauses ranging from 3% to 10% per year.

The rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to ₱66,023,329, ₱84,808,943 and ₱81,846,155 during 2020, 2019, and 2018, respectively, as disclosed in Note 16. Direct operating expenses arising on the investment properties amounted to ₱44,512,587, ₱39,946,830 and ₱33,271,010 during 2020, 2019 and 2018, respectively.

At reporting date, the Company had outstanding commitments for future minimum lease collections under non-cancellable operating leases, which fall due as follows:

		2020		2019
Not later than one year	₱	**45,648,285**	₱	45,648,285
Later than one year but not later than five years		**20,970,901**		20,970,901
	₱	**66,619,186**	₱	66,619,186

Advance rent presented in the statement of financial position received by the Company in relation to the lease agreements are classified as follows:

		2020		2019
Current	₱	**10,145,947**	₱	10,514,790
Noncurrent		**1,793,621**		1,793,621
	₱	**11,939,568**	₱	12,308,411

Analysis of security deposits are as follows:

		2020		2019
Current portion	₱	**15,405,793**	₱	16,142,945
Noncurrent portion				
Balance, January 1	₱	**1,869,987**	₱	3,152,400
Refund		**(661,533)**		(3,441,523)
Additions		**1,101,611**		2,463,261
Accretion of interest		**67,964**		203,891
Balance, December 31	₱	**2,378,029**	₱	2,378,029
Total	₱	**17,783,822**	₱	18,520,974

Analysis of deferred credits is as follows:

		2020		2019
Current portion	₱	**97,888**	₱	97,888
Noncurrent portion				
Balance, January 1	₱	**75,338**	₱	222,224
Amortization		**(58,689)**		(176,067)
Additions		**-**		29,181
Balance, December 31	₱	**16,649**	₱	75,338
Total	₱	**114,537**	₱	173,226

Amortization of deferred credits is recorded as part of revenue in the statement of comprehensive income.

The Company as a Lessee

The Company has elected not to recognize a lease liability on its short-term rentals. Payments made under such leases are expensed on a straight-line basis.

In 2020, 2019 and 2018, the Company recognized rent expense which amounted to ₱453,420, nil and nil, respectively, as disclosed in Note 19.

21. INCOME TAXES

Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

		2020		2019		2018
Current tax expense	₱	**6,729,226**	₱	10,271,113	₱	8,976,100
Deferred tax expense (benefit)		**(44,511)**		993,984		-
	₱	**6,684,715**	₱	11,265,097	₱	8,976,100

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in 2020, 2019 and 2018 are as follows:

		2020		2019		2018
Accounting profit	₱	**26,519,179**	₱	48,149,777	₱	43,273,113
Tax expense at 30%	₱	**7,955,754**	₱	14,444,933	₱	12,981,934
Tax effect of non-deductible expenses:						
Difference between OSD and itemized deduction		**650,101**		(1,738,459)		(3,779,486)
Interest income subject to final tax		**(1,868,320)**		(1,388,557)		(189,822)
Others		**(52,820)**		(52,820)		(36,526)
	₱	**6,684,715**	₱	11,265,097	₱	8,976,100

22. DEFERRED TAXES – net

22.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

Year Incurred		Advance Rent		Allowance for ECL		Total
Balance, January 1, 2019	₱	5,379,760	₱	-	₱	**5,379,760**
Recognized in profit or loss		(1,687,237)		326,842		**(1,360,395)**
Balance, December 31, 2019	₱	3,692,523	₱	326,842	₱	**4,019,365**
Recognized in profit or loss		(110,652)		-		**(110,652)**
Balance, December 31, 2020	₱	**3,581,871**	₱	**326,842**	₱	**3,908,713**

22.02 Deferred Taxes Liabilities

The components of the Company's deferred tax liabilities and their respective movements are as follows:

Year Incurred		Initial Leasing cost		Accrued Rent		Total
Balance, January 1, 2019	₱	674,981	₱	372,320	₱	**1,047,301**
Recognized in profit or loss		(338,396)		(28,015)		**(366,411)**
Balance, December 31, 2019	₱	336,585	₱	344,305	₱	**680,890**
Recognized in profit or loss		(155,163)		-		**(155,163)**
Balance, December 31, 2020	₱	**181,422**	₱	**344,305**	₱	**525,727**

23. EARNINGS PER SHARE

The Company's basic and diluted earnings per share from continuing operations were computed as follows:

Year Incurred		2020		2019		2018
Net income	₱	**19,834,464**	₱	36,884,680	₱	34,297,013
Divided by weighted average number of outstanding common shares:						
Balance at the beginning of year	₱	**8,502,500**	₱	8,502,500	₱	8,502,500
Effect of stock split		**76,522,500**		76,522,500		76,522,500
Effect of stock dividend		**49,000,000**		49,000,000		49,000,000
Issuance		**67,032,609**		24,792,883		-
	₱	**201,057,609**	₱	158,817,883	₱	134,025,000
Balance, December 31	₱	**0.10**	₱	0.23	₱	0.26

24. FAIR VALUE MEASUREMENTS

24.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2020 and 2019 are presented below:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash in banks and cash equivalents	₱ 282,551,545	₱ 282,551,545	₱ 452,307,405	₱ 452,307,405
Short-term investments	-	-	50,311,667	50,311,667
Trade and other receivables	13,909,340	13,909,340	6,796,572	6,796,572
Investment in trust accounts	75,795,893	75,795,893	-	-
	₱ 372,256,778	₱ 372,256,778	₱ 509,415,644	₱ 509,415,644
Financial Liabilities:				
Security deposits	₱ 17,783,822	₱ 17,783,822	₱ 18,520,974	₱ 18,520,974
Accrued expenses	6,160,575	6,160,575	3,839,261	3,839,261
Due to related party	396,317	396,317	50,537	50,537
Other payables	218,700	218,700	1,635,733	1,635,733
	₱ 24,559,414	₱ 24,559,414	₱ 24,046,505	₱ 24,046,505

The carrying amounts of cash in banks, cash equivalents , short term investments, trade and other receivables, investment in trust accounts, accrued expenses, due to a related party and other payables approximate their respective fair values due to the short-term nature and maturities of the accounts.

The fair value of security deposits is based on discounted cash flow methodology using risk free rates similar borrowings with maturities consistent with those of liabilities being valued. The discount rates used ranged from 1.73% to 6.94%, in both years.

The fair values of financial assets and financial liabilities are determined as follows.

24.02 Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In both years, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

24.02.01 Fair Value Hierarchy

The Company used Level 3 to value its investment property wherein inputs other than quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date, either directly or indirectly.

Fair value is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the Company's investment property at December 31, 2020 and 2019 has been arrived on the basis of a valuation carried out on July 6, 2018.

24.02.02 Highest and Best Use

The Company's non-financial asset which composed of investment properties were currently held for rental. However, as of December 31, 2020 and 2019, the Company assessed the highest and best of the investment properties from the perspective of market participants. The investment properties in combination with other assets and liabilities could be developed for commercial purposes. The Company determined that the current use of the investment properties is the asset's highest and best use since the property could be leased out to others to earn income. Further, the current use of the properties differs from the highest and best use since the Company is engaged primarily in manufacturing and selling goods as well as rendering the related services, so the main focus would not be more on developing properties.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

25.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profits for the years 2020 and 2019 would not be affected since the Company has no borrowings at variable rate and interest rate risk exposure for cash in banks, which is subject to variable rate, is very immaterial.

In Management opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year-end exposure does not affect the exposure during the year. Furthermore, the Company's exposure to interest rate risk did not change significantly from previous year.

25.02 Credit Risk Management

Credit Risk
The Company assessed that its exposure to credit risk is minimal. Trade receivables arise mainly from transactions with customers with good credit rating or bank standing. The Company regularly updates the status of accounts that remain uncollected beyond a reasonable period of time.

Further, the Company holds post-dated checks for most of its lease contracts to cover the trade receivables.

For due from related parties, management considers the current financial status of the related parties and their available assets to pay the outstanding receivables.

The Company's cash in banks, cash equivalents and short-term investments are deposited with highly reputable and pre-approved financial institutions with good credit standing in the local banking industry thus the management assessed that the ECL from these financial assets are very minimal.

There are no significant concentrations of credit risks within the Company.

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.

Definition of Default. The Company considers a financial asset to be in default when a customer fails to pay the receivables in full or the receivable is more than 30 days past due.

The table below presents the summary of the Company's gross maximum exposure to credit risk, before taking into consideration any collateral and credit enhancements, and shows the credit quality of the financial assets by indicating whether these are subjected to 12-month or lifetime ECL.

	2020			
	12-month ECL	**Lifetime ECL - Not Credit Impaired**	**Credit Impaired**	**Total**
Cash in banks and cash equivalents	**₱ 282,551,545**	**₱ –**	**₱ –**	**₱282,551,545**
Trade receivables	**-**	**12,133,053**	**1,089,473**	**13,222,526**
	₱282,551,545	**₱12,133,053**	**₱1,089,473**	**₱294,684,598**

	2019			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks and cash equivalents	₱452,307,405	₱ –	₱ –	₱452,307,405
Short-term investments	50,311,667	–	–	50,311,667
Trade receivables	-	3,645,702	1,089,473	4,735,175
	₱502,619,072	₱3,645,702	₱1,089,473	₱507,354,247

	2018			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks and cash equivalents	₱74,992,849	₱ –	₱ –	₱74,992,849
Trade receivables		3,867,245	–	3,867,245
Due from related parties	1,024,840	–	–	1,024,840
	₱76,017,689	₱ 3,867,245	₱ –	₱79,884,934

In 2020, Management believes that its provision for expected credit loss is sufficient to cover future losses from its trade receivables thus, no additional provision was recognized. In 2019, Management believes that certain trade receivables are credit-impaired and decided to setup allowance for ECL amounting to ₱1,089,473.

In both years, the Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2020, 2019 and 2018.

25.03 Liquidity Risk Management

Liquidity risk relates primarily to the Company's working capital requirements. The Company aims to manage working capital and maintain flexibility in funding.

The Company monitors its cash position by a system of cash forecasting. All expected collections, cash disbursements and other payments are determined to arrive at the projected cash position.

The Company has an outstanding line of credit with a local bank, in case of the need for financing arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2020 and 2019 based on contractual, undiscounted principal and interest payments:

	2020			
	Total	**On Demand**	**1 Year And below**	**Greater than 1 up to 5 Years**
Security deposits	**₱17,783,822**	**₱–**	**₱15,405,793**	**₱2,378,029**
Accrued expenses	**6,160,575**	**6,160,575**	**–**	**–**
Due to a related party	**396,317**	**396,317**	**–**	**–**
Other payables	**218,700**	**218,700**	**–**	**–**
	₱24,559,414	**₱6,775,592**	**₱15,405,793**	**₱2,378,029**

	2019			
	Total	On Demand	1 Year And below	Greater than 1 up to 5 Years
Security deposits	₱18,520,974	₱–	₱16,142,945	₱2,378,029
Accrued expenses	3,839,261	3,839,261	–	–
Due to a related party	50,537	50,537	–	–
Other payables	1,635,733	1,635,733	–	–
	₱24,046,505	₱5,525,531	₱16,142,945	₱2,378,029

26. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different market.

26.01 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash and cash equivalents, receivables, investment properties and property and equipment, among others. Segment liabilities include all operating liabilities and consist primarily of accounts and other payables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income in the financial statements.

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. For management purposes, the Company is organized into business units based on the services rendered and has two reportable operating segments as follows:

26.01.01 Leasing
This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City.

26.01.02 Asset Management
This segment includes management of various properties located across Metro Manila and commission on every unit which will be leased out by the Company on these properties.

26.01.03 Corporate and Others
This segment pertains to the business segment which caters to the Company's investing activities other than leasing and asset management.

26.02 Business Segment Information

The following table presents the revenue and expenses of the Company's business segments for the years ended 2020, 2019 and 2018, and certain assets and liabilities information as at December 31, 2020, 2019 and 2018:

	2020			
	Leasing	Asset Management	Corporate and Others	Total
Results of Operations				
Revenue	₱ 66,304,357	₱ 15,103,972	₱ -	₱ 81,408,329
Cost of services	(44,512,587)	-	-	(44,512,587)
Operating expenses	(17,139,310)	-	-	(17,139,310)
Operating income (loss)	₱ 4,652,460	₱ 15,103,972	₱ -	₱ 19,756,432
Interest income	-	-	6,227,725	6,227,725
Other income	205,610	-	329,412	535,022
Income tax expense	-	-	(6,684,715)	(6,684,715)
Net income	₱ 4,858,070	₱ 15,103,972	₱ (127,578)	₱ 19,834,464
Assets and Liabilities				
Assets	₱ 856,384,992	₱ -	₱ -	₱ 856,384,992
Liabilities	43,469,241	-	-	43,469,241
Other Segment Information				
Capital expenditures:				
Investment properties	₱ 165,907,030	₱ -	₱ -	₱ 165,907,030
Property and equipment	2,152,097	-	-	2,152,097
Depreciation and amortization	₱ 33,712,371	₱ -	₱ -	₱ 33,712,370

2019

	Leasing	Asset Management	Corporate and Others	Total
Results of Operations				
Revenue	₱ 84,808,943	₱ 15,986,474	₱ -	₱ 100,795,417
Cost of services	(38,933,510)	(1,013,320)	-	(39,946,830)
Other operating expenses	(9,420,744)	(1,238,111)	(7,460,450)	(18,119,305)
Operating income (loss)	₱ 36,454,689	₱ 13,735,043	₱ (7,460,450)	₱ 42,729,282
Interest income	-	-	4,628,524	4,628,524
Other income	310,171	-	481,800	481,800
Income tax expense	(8,483,205)	(2,695,168)	(86,724)	(11,265,097)
Net income	₱ 28,281,655	₱ 11,039,875	₱ (2,436,850)	₱ 36,884,680
Assets and Liabilities				
Assets	₱ 832,454,944	₱ -	₱ -	₱ 832,454,944
Liabilities	38,518,241	501,192	354,224	39,373,657
Other Segment Information				
Capital expenditures:				
Investment properties	₱ 3,531,640	₱ -	₱ -	₱ 3,531,640
Property and equipment	1,362,081	-	-	1,362,081
Depreciation and amortization	₱ 33,292,072	₱ -	₱ -	₱ 33,292,072

2018

	Leasing	Asset Management	Corporate and Others	Total
Results of Operations				
Revenues	₱ 81,846,155	₱ -	₱ -	₱ 81,846,155
Cost of services	(33,271,010)	-	-	(33,271,010)
Other operating expenses	(6,526,490)	-	-	(6,526,490)
Operating income (loss)	₱ 42,028,655	₱ -	₱ -	₱ 42,028,655
Interest income	632,739	-	-	632,739
Other income	291,719	-	-	291,719
Income tax expense	(8,976,100)	-	-	(8,976,100)
Net income	₱ 34,297,013	₱ -	₱ -	₱ 34,297,013
Assets and Liabilities				
Assets	₱ 433,494,805	₱ -	₱ -	₱ 433,494,805
Liabilities	43,796,571	-	-	43,796,571
Other Segment Information				
Capital expenditures:				
Investment properties	₱ 3,858,087	₱ -	₱ -	₱ 3,858,087
Property and equipment	22,098	-	-	22,098
Depreciation and amortization	₱ 28,916,771	₱ -	₱ -	₱ 28,916,771

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The Company considers the following as its core capital aggregating as follows:

		2020		2019
Capital stock	₱	**456,057,609**	₱	456,057,609
Additional paid-in capital		**299,519,764**		299,519,764
Retained earnings		**57,338,378**		37,503,914
	₱	**812,915,751**	₱	793,081,287

28. CHANGE IN ACCOUNTING ESTIMATE

During the year, the Company performed a reassessment of the remaining useful life of its gym equipment. The reassessment made determined that the remaining useful life of gym equipment would be thirteen (13) to forty (40) years from the acquisition date instead of twenty five (25) years. The effect of the changes in the useful life of the investment properties is accounted for on a prospective basis. Management believes that the above changes in accounting estimates are reasonable in the circumstances.

29. RECLASSIFICATION OF ACCOUNTS

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassifications include comparative amounts of the accounts below to appropriately present the reclassified accounts to its proper classification.

Current Year Classification	Previous Year Classification		Amount
Prepayments and other current assets	Trade and other receivables - net	₱	3,900,535
Due to related party	Trade and other payables		50,537

Management believes that the above reclassifications resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss and statement of cash flows.

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities as shown in the separate statements of cash flows is as follows:

		2020		2019
Balance, January 1	₱	**50,537**	₱	-
Changes from financing cash flows				
Advances from related parties		**345,780**		50,537
Balance, December 31	₱	**396,317**	₱	50,537

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax incentives for Enterprises Act" (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 20, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

Accordingly, PAS 10, Events after the Reporting Period, identifies the enactment or announcement of a change in tax rates and laws after the end of the reporting period as an example of a non-adjusting event even if it has a retroactive effect. Therefore, the reduction in the rate has not been reflected in these financial statements.

The impact of the RA 11534 on the Company's financial statements as at and for the year ended December 31, 2020 had the financial statements been adjusted is presented below:

		As at December 31, 2020		Effect of changes in tax rates		Adjusted amount based on the reduced tax rates
Statement of Comprehensive Income						
Current tax expense	₱	6,729,227	₱	(560,769)	₱	6,168,458
Deferred tax expense (benefit)		(44,511)		(563,831)		519,320
Net income for the year		19,834,464		(3,063)		19,831,401
Statement of Financial Position						
Prepaid income tax		2,454,488		560,769		3,015,257
Deferred tax asset		3,908,713		(651,452)		3,257,261
Deferred tax liability		525,727		(87,621)		438,106
Statement of Changes of Equity						
Retained earnings		57,338,378		(3,063)		57,335,315

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors on April 6, 2021.

33. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS 15 – 2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

Below are the additional information required by RR 15 – 2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The details of the Company's taxes, duties and licenses fees paid or accrued in 2020 are as follows:

33.01 VAT Output Tax

Details on the Company's VAT output tax declared during the year are as follows:

	Vatable	Zero-rated	VAT - exempt	Sales to Government	Total
Revenue	₱ 54,467,770	₱ 12,842,060	₱ -	₱ 776,593	₱ **68,086,423**
	12%	0%	nil	12%	
Output VAT	₱ **6,536,132**	₱ -	₱ -	₱ **93,191**	₱ **6,629,323**

Revenue is based on gross receipts of the Company for VAT purposes while revenue presented in the statement of comprehensive income is recognized on accrual basis.

33.02 VAT Input Tax

An analysis of the Company's VAT input tax claimed during the year is as follows:

Balance, January 1	₱	-
Current year's domestic purchases/payments for:		
Input tax carried over from previous period		1,394,732
Input tax deferred on capital goods		58,103,724
		19,949,369
Services lodged under other accounts		671,177
Goods other than for resale or manufacture		130,232
Total available input tax	₱	**80,249,234**
Claims for tax credit/refund and other adjustments		74,289,688
Balance, December 31	₱	**5,959,546**

33.03 VAT on Importation of Goods

The Company had no input VAT on importation of goods in 2020.

33.04 Excise Tax

The Company had no excise tax in 2020.

33.05 Documentary Stamp Tax

The Company paid documentary stamp tax amounting to ₱2,470,176 for the purchase of One San Miguel Property.

33.06 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

Real property tax	₱	2,788,620
Business permits and taxes		2,523,171
Others		1,000,126
	₱	**6,311,917**

33.07 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

Withholding tax on compensation and benefits	₱	726,114
Expanded withholding taxes		351,656
	₱	**1,077,770**

33.08 Deficiency Tax Assessments and Tax Cases

The Company has no outstanding tax assessment and cases as at December 31, 2020.

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** for the year ended December 31, 2020, on which we have rendered the attached report dated May 14, 2021.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until October 10, 2021
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Valid until 2021 audit period
BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
IC Accreditation No. F-2019-004-R
Valid until October 1, 2022

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 1781-A
Valid until September 23, 2022
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 211-870-900
PTR No. 8539806
Issued on January 7, 2021 at Makati City

May 14, 2021
Makati City, Metro Manila

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have issued our report dated May 14, 2021 on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of and for the year ended December 31, 2020. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** taken as a whole. The information in Index to the Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2020, which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until October 10, 2021
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
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BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
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Valid until October 1, 2022

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 1781-A
Valid until September 23, 2022
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 211-870-900
PTR No. 8539806
Issued on January 7, 2021 at Makati City

May 14, 2021
Makati City, Metro Manila

Reconciliation of Retained Earnings Available for Dividend Declaration

As at December 31, 2020

(In Philippine Peso)

KEPWEALTH PROPERTY PHILS. INC.

Makati City

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		**37,503,914**
Add: **Net income actually earned/realized during the period**		
Net income during the period closed to Retained Earnings	19,834,464	
Less: **Non-actual/unrealized income net of tax:**		
Net deferred tax assets	4,504,804	
Accrued rent resulting from straight-line recognition of rent income under PFRS 16, Leases	1,126,504	
Unrealized actuarial gain	-	
Fair value adjustment (market-to-market gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP- gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	5,631,308	
Add: **Non-actual losses**		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP- loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net income actually earned during the period		**14,203,156**
Add (Less):		
Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Sub-total		-
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		**57,338,378**

KEPWEALTH PROPERTY PHILS., INC.

SCHEDULES AS REQUIRED UNDER ANNEX 68-E OF THE REVISED SECURITIES REGULATIONS CODE RULE 68

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Party which are eliminated during Consolidation	N/A
D	Long-term debt	N/A
E	Indebtedness to Related Parties	2
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3

Schedule A - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Trust investment to San Miguel Corporation	961,033	₱75,795,893	₱–

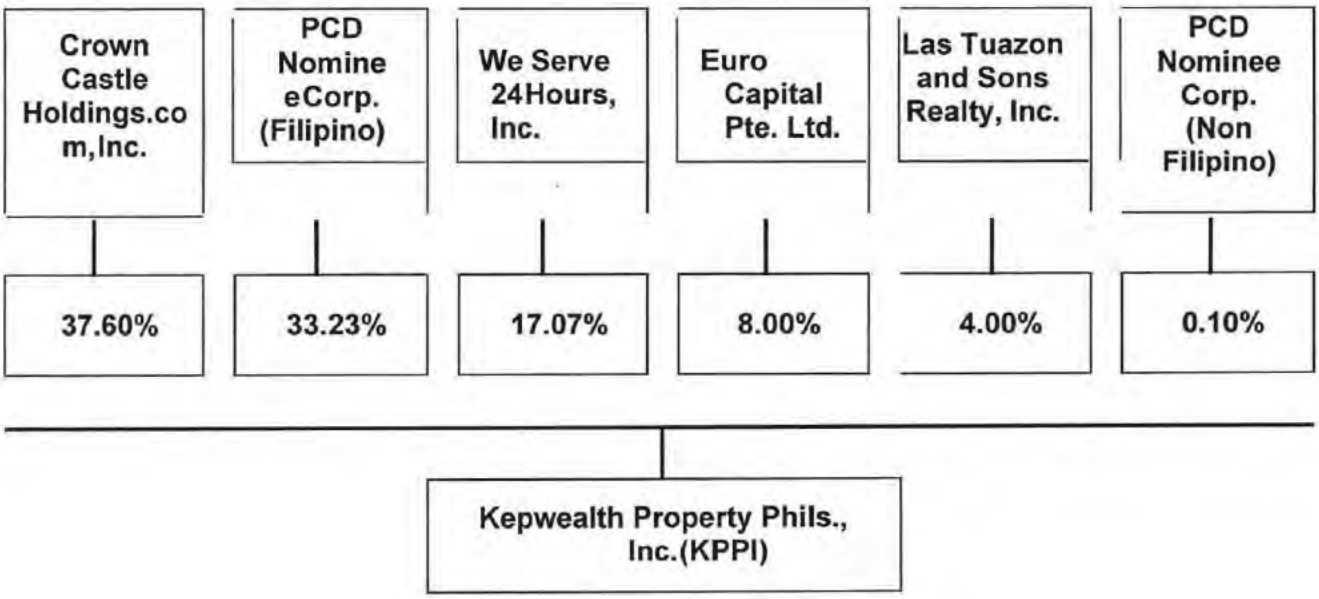
Schedule E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2020

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Eurocapital Land, Inc.	₱–	₱396,317

Schedule G - CAPITAL STOCK
DECEMBER 31, 2020

Title of Issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reservedfor options, warrants, conversion and other rights	No. ofshares held by related parties	Directors officers and employees	Others
Common shares	365,000,000	201,057,609	–	134,024,950	52	67,032,607
Preferred shares	255,000,000	255,000,000	–	255,000,000	–	–

MAP OF OWNERSHIP
DECEMBER 31, 2019



SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

KEPWEALTH PROPERTY PHILS., INC.

As at December 31, 2020

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets / Current Liabilities	**7.99:1**	14.55:1
Solvency ratios	Net Income + Depreciation / Total Liabilities	**1.37:1**	1.96:1
Debt-to-equity ratio	Total Liabilities / Total Equity	**0.05:1**	0.05:1
Asset-to-equity ratio	Total Assets / Total Equity	**1.05:1**	1.05:1
Interest rate coverage ratio	EBIT / Interest Expense	**-**	-
Return on equity	Net Income / Average Total Equity	**2.47%**	10.97%
Return on asset	Net Income / Average Total Assets	**2.35%**	5.83%
Net profit margin	Net Income / Total Revenue	**24.36%**	36.59%
Gross Margin	Gross Income / Total Revenue	**45.32%**	60.37%

SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
AS AT DECEMBER 31, 2020

	Estimated	Actual	Balance
Gross Proceeds	₱384,767,164	₱384,767,164	₱–
Offering Expenses	(21,739,481)	(24,781,567)	3,042,086
Net Proceeds	₱363,027,683	₱359,985,597	₱3,042,086

Details of the estimated and actual application of the proceeds:

	Estimated	Actual	Balance
Net Proceeds	₱384,767,164	₱384,767,164	₱–
Use of the Proceeds			
Acquisition of office space in:			
Metro Manila	(245,000,000)	(186,910,993)	(58,089,007)
Davao City	(120,000,000)	–	(120,000,000)
	(365,000,000)	(186,910,993)	(178,089,007)
Offering Expenses	(21,739,481)	(24,781,567)	(3,042,086)
Unapplied Proceeds	(₱1,972,317)	(₱173,074,604)	(₱175,046,921)

kepwealth

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **KEPWEALTH PROPERTY PHILS. INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2020**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached financial statements for the year ended **December 31, 2020** and the accompanying Annual Income Tax Return are in accordance with the books and records of **KEPWEALTH PROPERTY PHILS. INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **KEPWEALTH PROPERTY PHILS. INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

RESTITUTO T. LOPEZ
Chairman of the Board

AUGUSTO PABLO A. CORPUS JR.
President

IGNACIO SALVADOR GIMENEZ III
Treasurer

MAY 17 2021

SUBSCRIBED AND SWORN to before this ____ day of _____ in Quezon City, Affiant exhibiting to me her competent identification cards as proof of her identity

ATTY. RUBEN A. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0694960, Jan. 4, 2021 Quezon City
IBP No. 132791, Nov. 17, 2020 QC Chapter
Roll of Attorney's No. 46427
Admin Matter No. 004
MCLE NO. VI-0030360
TIN: 140-394-386-000
Complex Camp Crame, Q.C.

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